

Minutes of
Stated Meeting of the
Trustees of the University of Pennsylvania
June 20, 1997

A stated meeting of the Trustees of the University of Pennsylvania was convened at 2:35 p.m., Friday, June 20, 1997, in Alumni Hall of the Faculty Club. Trustees present were Arlin Adams, Lynda Barness, Judith Roth Berkowitz, Richard Brown, Gilbert Casellas, Susan W. Catherwood, Richard Censits, Gloria T. Chisum, L. John Clark, Bruce Graham, Charles Heimbold, John Hover, Edward Kane, Natalie Koether, Edwin Krawitz, Donald Langenberg, Leonard Lauder, Robert Levy, Jerry Magnin, Andrea Mitchell, John Neff, Russell Palmer, David Pottruck (via proxy), Pamela Petre Reis, James Riepe, Judith Rodin (ex officio), Adele Schaeffer, William Schawbel, Leonard Shapiro, Alvin V. Shoemaker, Myles H. Tanenbaum, Robert Trescher, P. Roy Vagelos (chair), and Raymond Welsh.

Also present were Jennifer Baldino, Al Beers, Michael Burton, Stanley Chodorow, Virginia B. Clark, Terry Conn, Bonnie Devlin, John A. Fry, John Fuller, Karen Gaines, Rev. William Christian Gipson, Stephen Golding, Constance C. Goodman, Shelley Z. Green, Jason Horger, William N. Kelley, Susan Lonkevich, Barbara J. Lowery, Marilyn Lucas, Martin Meyerson, Nancy Nowicki, John Prendergast, Maureen Rush, Jay Saddington, Carol R. Scheman, Stephen D. Schutt, Geraldine Segal, Martha Stachitas, Stephen P. Steinberg, Lee Stetson, Barbara R. Stevens, Kate Stevens, Duncan W. Van Dusen, Kenneth J. Wildes, Jr., and Rick Whitfield.

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 January 29, 1997 were approved as distributed.

II. Chair's Report - Dr. Vagelos

A. Comments

Dr. Vagelos welcomed to the meeting Dr. Geraldine Segal, widow of emeritus trustee Bernard G. Segal, Esq. and expressed his, the University's, and the community's loss at Mr. Segal's recent passing. Dr. Vagelos read aloud the following resolution.

Action.....1. A Memorial Resolution for Bernard G. Segal, Esq. was approved as follows:

Bernard Gerard Segal (C'28, L'31, H'69) served as an exemplary model of citizenship, leadership, discernment, and support for the University of Pennsylvania for seventy-two years.

He had a superb academic record at Penn, where he served as president of the Student's Association, the student government of his college days. At Penn Law School, Mr. Segal was the Case Law editor of the *University of Pennsylvania Law Review*.

Since Mr. Segal's record at Penn Law was so outstanding, the dean recommended him to Pennsylvania Attorney General William A. Schnader, and he became the youngest Deputy Attorney General in the history of the Commonwealth. He drafted the banking, building, and loan laws which are still in effect in Pennsylvania. After his Commonwealth service, Mr. Segal joined Mr. Schnader in the formation of the law firm that to this day bears their names.

Mr. Segal was the only person to have served as president of the American Bar Association, as chairman of the board of the American Judicature Society, and as president of the American College of Trial Lawyers. He received the American Bar Association's Gold Medal for his unrelenting service to justice through law. Among Mr. Segal's many accomplishments was his success in establishing with President Eisenhower the enduring principle that candidates for federal judgeships should be evaluated by their legal peers for competence and judicial temperament. He was also the first Chairman of the Quadrennial Salary Commission, first created by President Eisenhower to review and make recommendations on all federal executive, legislative, and judicial salaries, and he was appointed to subsequent commissions by Presidents Nixon and Carter. Under President Kennedy, he was Co-Chairman of the Lawyers' Committee for Civil Rights Under Law. Mr. Segal continued his human rights activities on an international level under the auspices of the Center for World Peace Through Law, of which he was a Council member.

There is no component of this University that did not benefit from his dedication, wisdom, and generosity. Elected a trustee of the University in 1959, he became a life trustee in 1966. Mr. Segal chaired many Trustee committees over the past 38 years, providing superb judgment and leadership. Among his gifts to the University are the Segal Moot Court Room and the Bernard G. Segal endowed professorship for deans of the Law School.

RESOLVED, that the Trustees of the University of Pennsylvania, express their deep sorrow over the death of their colleague and long time friend, and in recording this official minute on behalf of the University community past, present, and future, share their affection and enduring gratitude with the family of Bernard G. Segal for his wise counsel over seven decades.

On behalf of the Trustees and the University, Dr. Vagelos presented a signed copy of the above memorial resolution to Dr. Geraldine Segal, who expressed her gratitude for Penn's recognition of Mr. Segal.

Dr. Vagelos commended Mrs. Barbara R. Stevens, Vice President and Secretary of the University, for her long-term and superb service to the Trustees and the University of Pennsylvania over the years. He added that he, the Board of Trustees, the faculty, staff, and students of Penn will miss her greatly.

The chairman noted that many of the Trustees had just come from the groundbreaking of the Sansom Common project, the future of the development of the Penn campus. He also welcomed Mr. Jerry Magnin to his first Board of Trustees' meeting.

B. Nominating Committee Report

Reporting on behalf of the Nominating Committee, Dr. Vagelos commented that the first action was a resolution for his reelection as chairman, and Dr. Chisum formally introduced the resolution.

Action.....1. A Resolution on Reelection of P. Roy Vagelos as Chair of the Board of Trustees was approved as follows:

RESOLVED, that P. Roy Vagelos be reelected chair of the Trustees of the University of Pennsylvania for a one-year term, effective July 1, 1997.

Dr. Vagelos introduced the following resolution to reelect Mrs. Catherwood and Dr. Chisum as vice chair of the Board of Trustees.

Action.....2. A Resolution on Reelection of Susan W. Catherwood and Gloria T. Chisum as Vice Chairs of the Trustees was approved as follows:

RESOLVED, that Susan W. Catherwood and Gloria T. Chisum be reelected vice chairs of the Trustees of the University of Pennsylvania for one-year terms, effective July 1, 1997.

Action.....3. A Resolution on Election of the Executive Committee was approved as follows:

RESOLVED, that the following Trustees be elected members of the Executive Committee for one-year terms effective July 1, 1997: Susan W. Catherwood, Gloria Twine Chisum, Robert A. Fox, Elsie Sterling Howard, Natalie I. Koether, Donald N. Langenberg, Paul F. Miller, Jr. (ex officio), Andrea Mitchell, John B. Neff, Russell E. Palmer, James S. Riepe, Alvin V. Shoemaker, Saul P. Steinberg, Myles H. Tanenbaum, and P. Roy Vagelos.

Dr. Vagelos noted his pleasure that Mrs. Berkowitz and Mr. Censits were willing to be reelected as term trustees and introduced the below resolutions.

Action.....4. A Resolution on Reelection of Judith Roth Berkowitz as a Term Trustee

was approved as follows:

RESOLVED, that Judith Roth Berkowitz be reelected a Term Trustee for a five-year term, effective June 20, 1997.

Action.....5. A Resolution on Reelection of Richard J. Censits as a Term Trustee was approved as follows:

RESOLVED, that Richard J. Censits be reelected a Term Trustee for a two-year term, effective June 20, 1997.

After brief comments on the background and accomplishments of each new trustee candidate, Dr. Vagelos introduced the below resolutions.

Action.....6. A Resolution on Election of Stanley N. Cohen as a Term Trustee was approved as follows:

RESOLVED, that Stanley N. Cohen be elected a Term Trustee for a five-year term, effective June 20, 1997.

Action.....7. A Resolution on Election of Paul K. Kelly as a Term Trustee was approved as follows:

RESOLVED, that Paul K. Kelly be elected a Term Trustee for a five-year term, effective June 20, 1997.

Action.....8. A Resolution on Election of Carolyn A. Lynch as a Term Trustee was approved as follows:

RESOLVED, that Carolyn A. Lynch be elected a Term Trustee for a five-year term, effective June 20, 1997.

Action..... 9. A Resolution on Election of Charles Kaufman Williams, II as a Term Trustee was approved as follows:

RESOLVED, that Charles Kaufman Williams, II be elected a Term Trustee for a five-year term, effective June 20, 1997.

Dr. Vagelos commented on Mr. Mainwaring's exemplary service as a Trustee, and in particular, his dedicated leadership and involvement with the University of Pennsylvania Museum of Archaeology and Anthropology. He expressed his gratitude to Mr. Mainwaring for his willingness

to continue his service to Penn as an emeritus trustee.

Action.....10. A Resolution on Election of A. Bruce Mainwaring as an Emeritus Trustee was approved as follows:

RESOLVED, that A. Bruce Mainwaring be elected an Emeritus Trustee, effective June 20, 1997.

III. President's Report - Dr. Rodin

A. Comments

President Rodin announced that Valerie Hayes, current director of the Office of Equal Opportunity at Cornell University, will join Penn as executive director of the Office of Affirmative Action on August 1, 1997. Ms. Hayes is an alumna of the University of Connecticut, where she also earned a master's degree in social work in 1978. In 1989, Ms. Hayes earned her law degree from the University of Bridgeport School of Law. President Rodin noted that Ms. Hayes has an impressive record in affirmative action, diversity, policy development, and significant workplace issues.

The president commented that she was extremely pleased with the incoming Class of 2001, a very talented group at the top of their high school classes. She remarked that, to date, 2,350 students are projected to accept the University's invitation to join Penn's "millennial class" this fall; the number of acceptances is up 1.5% from last year's numbers at this time. President Rodin added that Dean of Admissions Lee Stetson would provide additional details on the Class of 2001 in his report later in the meeting.

President Rodin reported on the recent announcement that Penn will be an "academic partner" to the planned National Constitution Center, a museum dedicated to the U.S. Constitution on Independence Mall in Philadelphia. The University, she remarked, will contribute scholarly resources for Constitution-related programming at the Center, involve several of Penn's schools, and create further interdisciplinary programs for our students and further develop existing initiatives. President Rodin added that Penn's contributions stem from the *Agenda for Excellence*, which commits the University to expanding research and teaching programs on democratic and legal institutions in America and the world. Dr. Richard Beeman, Professor of American History at the University, will be the first visiting scholar to the Constitution Center, and Dr. Gary Hack, Dean of the Graduate School of Fine Arts and renowned architect and urban planner, will be a senior consultant on the design and planning of the Center.

Regarding the groundbreaking for Sansom Common which preceded the Stated Meeting, President Rodin reiterated that the plans are thrilling and provide a wonderful opportunity to redevelop an important three-block area at the heart of the Penn campus. She explained that the project is a significant opportunity to extend the successful resurgence of the core campus to the northern precinct of the University and gives Penn the opportunity to integrate existing academic, cultural, and residential uses with new areas of retail, restaurants, and entertainment. President

Rodin also commented on the Wednesday announcement of the University City Special Services District, another new project that will contribute to the quality of life at Penn and in West Philadelphia. The University City District is a joint venture of the University City community including all of the local educational, medical, and scientific research institutions, as well as the U.S. Post Office and Amtrak. The services will begin on August 15th.

President Rodin added her comments on the departure of Mrs. Barbara Stevens and this, the last Trustee meeting with Secretary Stevens. The president noted that Secretary Stevens has done so much for and has been important to the University in so many ways over the past eleven years. President Rodin remarked that everyone joins her in wishing Secretary Stevens well and noted that Penn will miss her enormously. The president introduced the following resolution to appoint Professor Barbara Lowery, the Independence Foundation Professor of Nursing and Associate Provost, as Interim Secretary of the University. Professor Lowery is also a former chair of the Faculty Senate, former Ombudsman of the University, and recent co-chair of the Benefits Redesign Committee.

Action.....1. A Resolution on the Appointment of Barbara Lowery as Interim Secretary of the University was approved as follows:

RESOLVED, that Barbara Lowery be appointed Interim Secretary of the University, effective June 20, 1997.

President Rodin welcomed Professor Lowery as Interim Secretary and also introduced a resolution to appoint current Managing Director of the Office of Internal Audit, Mr. Rick N. Whitfield, as Vice President for Audit and Compliance. Before coming to Penn in January 1996, Mr. Whitfield served as the Internal Audit Director at Vanderbilt University. Mr. Whitfield serves as a senior officer in many of his professional associations and has done an outstanding job for the University of Pennsylvania.

Action.....2. A Resolution on the Appointment of Rick N. Whitfield as Vice President for Audit and Compliance was approved as follows:

RESOLVED, that Rick N. Whitfield be appointed Vice President for Audit and Compliance, effective June 20, 1997.

B. Academic Report - Dr. Chodorow

Provost Chodorow joined the president and the chairman in wishing former Vice President and Secretary of the University, Mrs. Barbara Stevens, well in her new position in Washington, D.C. He noted that she has been a tremendous asset to the University, and he expressed his gratitude for her assistance over the years in a great number of issues, large and small. The provost also commented that the Board of Trustees is fortunate to have Professor Barbara Lowery step in as Interim Secretary; Provost Chodorow described her as a phenomenal performer and noted that she will be of great assistance to the Board.

The provost announced that the American Philosophical Society has elected three of Penn's finest faculty members to its ranks: Dr. Clyde Frederick Barker, the John Rhea Barton Professor of Surgery and Chairman of the Department of Surgery of HUP; Dr. George Cardona, Professor of Linguistics and Undergraduate Chair; and Dr. Kathleen Hall Jamieson, Dean of the Annenberg School for Communication, Professor of Communication, and Director of the Annenberg Public Policy Center. Provost Chodorow also announced that Dr. Sukhamay Lahiri, Professor of Physiology in the School of Medicine, was awarded a Humboldt Research Award for Senior U.S. Scientists; Dr. Lahiri will have the opportunity to engage in research in Germany over an extended period of time. Dr. Elizabeth Bailey, the John C. Hower Professor of Public Policy and Management at the Wharton School, was named a Fellow of the American Academy of Arts and Sciences, and Dr. Walter Englander, the Jacob Gershon-Cohen Professor of Medical Sciences at the School of Medicine, was elected to the National Academy of Sciences. Finally, the provost noted that Dr. Susan Stewart, whose appointment as the Donald T. Regan Professor of English can be found on page 15 of the meeting book, was recently named as a MacArthur Fellow, nicknamed the "genius award."

Provost Chodorow presented the following resolution on faculty appointments and promotions.

Action.....1. A Resolution on Appointments, Leaves and Promotions, printed at pp. 14-46 of the meeting book, was approved.

President Rodin made special note of one additional award, the Philadelphia Award, recently presented to emeritus trustee, Judge Arlin M. Adams, for his distinguished service to Philadelphia and to all of its residents. The president thanked Judge Adams for his efforts and achievements and stated that the University is extremely proud to have Judge Adams among its alumni and as a member of the Board of Trustees. The Board of Trustees accorded Judge Adams a very warm and appreciative round of applause.

C. Financial Report - Mr. Fry

Mr. Fry reported that the FY 1997 financial report is based on results of operations from the third quarter, which saw an overall increase in unrestricted net assets of \$263 million for the University without the Health Services component. Mr. Fry explained that the increase was primarily a result of a net gain on investments of \$171 million over the last nine months. The University has not seen any significant changes since the end of March which would cause any change in the projection of break-even operating results for the University for FY 1997 under the principles of responsibility center management. Mr. Fry noted that he will be presenting more detailed financial results for the fourth quarter and for the entire fiscal year at the fall trustees' meeting in November.

As shown in the FY 1998 budget for the Health Services component, a net surplus of \$337,000 is projected from operations for FY 1997, and an overall increase of \$49.8 million is

projected after non-operating revenue and other items are taken into account.

President Rodin noted that it is also bittersweet that today's is the last Trustees' meeting with Mr. Steve Golding as Vice President for Finance. The president thanked Mr. Golding on behalf of the Board and the University and wished him well in his new endeavors. Mr. Golding was accorded a warm round of applause.

D. Health System Report - Dr. Kelley

Dr. Kelley proudly reported that the Phoenixville Hospital transaction that was approved at the April 18, 1997 special meeting of the Trustees' Executive Committee has since been approved by all parties, including government agencies; the closing is scheduled for this week. In addition, Dr. Kelley noted his pleasure at the support received regarding the merger with Pennsylvania Hospital, which he hoped would be approved by the full board shortly. Dr. Kelley remarked that Pennsylvania Hospital is the nation's first hospital, formed in 1751, and a merger with Pennsylvania Hospital would be a tremendous addition to the Health System. Dr. Kelley commented that the primary care network continues to grow according to schedule as at least 254 primary care physicians will be part of the network by July 1, 1997. He expressed his appreciation of the Board's and the President's support of the network.

E. Admissions Report - Dean Stetson

Dean Stetson reported on some of the details of the Class of 2001. The class was chosen from one of the largest applicant pools in Penn's history, and though a slightly smaller pool than last year, it is nearly 4% larger than the applicant pool of two years ago and still very close to the all-time high of last year. Considering the significant decreases in applicants of many of Penn's peer institutions around the country, Dean Stetson viewed Penn's very slight decrease as an excellent indication that the University is faring very well. Penn is aiming to enroll 2,350 students, as the president mentioned earlier, with a yield of approximately 50%, a very strong yield given the competition for the best students in the country. The dean added that there is a strong indication that only the best students are applying now to Penn, and both the numbers and quality of these students continue to increase. As far as the geographical diversity of the admitted class is concerned, 55 countries and 49 states are represented (only Wyoming is not represented in the Class of 2001). An even better sign of Penn's well-being is the quality of the admitted class; SAT scores are up to an average of 1361--up five points over the previous year and a significant increase over the year before--and class rank remains in the top 4%. SAT 2 scores also increased to 674, a jump of seven points over the previous year. Women represent 49% of the entering class, slightly less than last year. Students of color and minority background students represent 35% of the entering class; the number of black students increased significantly to 154 this year, representing over 6.5% of the class, while Asians from America and abroad number 551, 23% of the class. Hispanics number 125, a significant increase to 5.5% of the entering class. Dean Stetson once again expressed his pleasure at the quality of the Class of 2001, an exceptional group of leaders, journalists, athletes, pure scholars, and volunteers.

IV. Committee Reports

A. Academic Policy - Dr. Langenberg

On behalf of the Committee on Academic Policy, Dr. Langenberg recommended the approval of three resolutions. He explained that the first resolution on proposed procedures governing sanctions taken against members of the faculty is the result of five years of successful work by the faculty and the administration. The resolution consists of 1) the formal adoption of the revised procedures and 2) necessary amendments to the Statutes of the Trustees of the University resulting from the adoption of the revised procedures. [The revised and approved "Proposed Procedures Governing Sanctions Taken Against Members of the Faculty" are attached at the conclusion of this document.]

Action.....1. A Resolution Adopting Proposed Procedures Governing Sanctions Taken Against Members of the Faculty and Amending Articles 9.14 and 10.3 of the Statutes was approved as follows:

Intention:

Since 1992, various committees of the Senate Executive Committee and a joint Faculty Senate-Administration task force have worked to revise the University's procedures by which alleged misconduct by faculty members may be investigated and sanctions imposed for just cause. The goal in these discussions was to simplify and expedite the current lengthy process, while ensuring fairness and respect for the rights of the faculty member. The proposed procedures are the result of that process and were recommended to the Trustees and Administration by a mail ballot of the faculty on May 22, 1997 (407 for and 19 against).

The proposed policy simplifies the "just cause" procedures, makes the President the final decision-maker, provides for the reconsideration of the recommendation of a major sanction, and relates the procedures for imposing a major sanction to a Dean's procedures for imposing minor sanctions. The result is a more coherent, appropriate, and less cumbersome process.

The proposed policy has been reviewed and recommended for adoption by the Academic Policy Committee.

The proposed policy will replace the previously existing procedures for the "Suspension or Termination of Faculty for Just Cause," adopted June 21, 1991 and published as section II.E.10 of the Handbook for Faculty and Academic Administrators, 1989, as revised 1991, pp. 47-51.

Adoption of the new procedures necessitates updating the language and provisions of Articles 9.14 and 10.3 of the Statutes, to conform with the new procedures, which give the President a role in the determination whether to impose a sanction, and which do not always require the participation of a School Committee on Academic Freedom and Responsibility.

RESOLVED, that the Proposed Procedures Governing Sanctions Taken Against

Members of the Faculty, approved by the Faculty Senate on May 22, 1997, and amended by the Trustees' Academic Policy on June 19, 1997, be adopted. Said Procedures shall become effective for all charges of infractions of University behavioral standards brought by a Dean or the Provost on or after July 1, 1997, and shall replace the procedures for the "Suspension or Termination of Faculty for Just Cause," adopted June 21, 1991 and published as section II.E.10 of the Handbook for Faculty and Academic Administrators, 1989, as revised 1991, pp. 47-51.

FURTHER RESOLVED, that Article 9.14 of the Statutes be amended to read:

9.14 The President may, upon appropriate faculty recommendation as therein defined, decide that a major sanction should be imposed upon any member of the faculty who is found to have committed a major infraction of University behavioral standards, according to policies and procedures, as set forth on June 20, 1997, and as they may be hereafter amended. Such amendments shall be made only upon consultation with the President, the Provost, and the Faculty Senate.

Suspension, termination, or threat thereof may not be used to restrain or interfere with faculty members in their exercise of academic freedom or other rights.

FURTHER RESOLVED, that the first paragraph of Article 10.3 of the Statutes be amended to read:

10.3 Each Faculty shall have a standing Committee on Academic Freedom and Responsibility which shall be elected annually. Each Faculty's Committee on Academic Freedom and Responsibility shall, to the extent provided in the relevant procedures, including the Procedures Governing Sanctions Taken Against Members of the Faculty adopted on June 20, 1997, and as they may be hereafter amended, represent the Faculty in proceedings that involve temporary exclusion of or imposition of a major sanction on a Faculty member, suspension or termination of the appointment of a Faculty member, some matters arising from financial exigency proceedings, or other questions concerning an individual faculty member's claim of violation of his or her academic freedom. The Committee shall have power to make investigations, reports, and recommendations on any matter relating to academic freedom and responsibility within the school that may affect one or more faculty members.

Dr. Langenberg stated that the second and third resolutions brought before the Board involve the establishment of special faculty positions for practitioners in the Wharton School and the Graduate School of Education. Although the proposals are different, Dr. Langenberg suggested that the Board approve them simultaneously. He did note that the faculty has expressed some concern about these types of positions; however, the committee was informed that the faculty will examine carefully such positions within the next year, and Dr. Langenberg moved both resolutions for adoption.

Action.....2. A Resolution to Establish a Practice Faculty in the Wharton School was approved as follows:

Intention:

In a professional school, certain areas of knowledge are best conveyed in experiential or technical skills-oriented courses. Examples in the Wharton School include leadership, negotiations, tax accounting, and real estate deal structuring. Persons who can teach such courses typically must draw on substantial practice experience that most doctorally-trained faculty lack. In addition, standing faculty members at Wharton are recruited from doctoral programs in traditional business areas such as finance, accounting, and marketing. Their training and teaching typically have provided no exposure to experiential learning pedagogies.

University policies governing appointments to the non-standing faculty either limit the commitment to part-time or limit full-time appointments to three years. This prevents the School from hiring experienced practitioners who desire a full-time position. Most successful practitioners cannot accept a part-time appointment as they hold full-time executive positions.

In the 1980s, the Trustees approved two Practice Professor slots for the Wharton School. These have been filled since exclusively in tax accounting and international accounting. Both Practice Professors are persons with very substantial practical experience. The continuity of their full-time employment has provided the basis for their substantial commitment to teaching these professional skill-based courses.

In light of the pressing demand for practice instructors and the extremely successful track record of the School's two Practice Professors, the standing faculty of the Wharton School proposes that additional Practice Professor slots be created and that a proper Practice Faculty track be established. This proposal has been approved by the Provost and the Faculty Senate and is similar to the Practice Faculty track that exists in the Law School.

RESOLVED, that a Practice Faculty track be established in the Wharton School in accordance with the requirements and procedures described below:

1. There shall be established a Practice Faculty consisting of full-time Practice Professors, Practice Associate Professors, and Practice Assistant Professors, who are

members of the Associated Faculty of the University, to take effect on July 1, 1997. All appointments in this category are without tenure or tenure-probationary status. Practice Professors in the Wharton School holding appointments as of June 30, 1997 shall be covered by these policies.

2. These persons shall staff courses with a substantial professional skill-based development focus, in particular those courses with a skills-oriented subject matter. Among the courses in this category are those in leadership, negotiation, communication, deal structuring, tax accounting, and auditing. Practice Faculty shall have such teaching and administrative duties within the Wharton School as are determined according to normal Wharton School policies and procedures.

3. Appointments

(a) An appointment in this category shall be recommended by the faculty on recommendation of the Wharton Personnel Committee, following a search, using a standard of promise of superior performance in skills-oriented education. Appointees will have a high level of educational achievement and relevant practice experience and commensurate with the level of appointment. Appointment criteria include excellent teaching, commitment to collegial service, relevant experience and publications in practitioner journals on subject matter related to the topic being taught or on pedagogical approaches to the teaching of such material. A reappointment or promotion within this category shall be recommended by the faculty on recommendation of the Wharton Personnel Committee, using a standard of past performance in fulfilling the promise and justifying an expectation of continued growth in professional skill, productivity, and recognition.

(b) Appointments, reappointments, and promotions must be reviewed and approved in normal course by the Dean, the Provost, and the Trustees of the University.

(c) Persons who currently hold appointments in the Standing Faculty are not eligible to transfer their appointment to the Practice Faculty. A person who has previously held a Standing Faculty appointment at the University shall not be eligible for an appointment to the Practice Faculty for three years after leaving the Standing Faculty. Appointment shall be based on the criteria stated in (a) above.

(d) Term of Appointment

(1) The initial term of appointment as Practice Professor shall be for not more than five years. Successive reappointments of Practice Professors for terms of five years are permitted until retirement.

(2) The initial term of appointment for Practice Associate Professor shall be for three years. Practice Associate Professors may be reappointed once to a three-year term, but may not be further reappointed (except to a terminal one-year appointment) unless promoted to Practice Professor.

(3) The initial term of appointment for Practice Assistant Professor shall be for three years. Practice Assistant Professors may be reappointed once to a three-year term, but may not be further reappointed (except to a terminal one-year appointment) unless promoted to Practice Associate Professor.

(e) Reappointment in the Practice Faculty may be made if the individual has demonstrated superior performance in skills-oriented education and other criteria as outlined in section 3 (a).

(f) Employment for persons appointed in this category may be terminated because of

(1) failure to satisfy the standard for reappointment at the conclusion of the initial or of any succeeding term;

(2) reduction in skills-oriented course offerings by the Wharton School in the subject area taught by the individual; or

(3) for “just cause” as customarily determined with the University under its policies.

One year’s notice shall be required for termination under subsections (f)(1) and (f)(2).

4. Titles

An appointee in this category will hold the title Practice Professor, Practice Associate Professor, or Practice Assistant Professor of [name of department] at the Wharton School. The modified title must be written in full whenever the appointee indicates his/her affiliation with the University, such as in documents (printed or electronic media), in correspondence, in curriculum vitae, and in listings of University personnel.

5. Contracts of Employment

A Practice Professor, Practice Associate Professor, or Practice Assistant Professor shall have a written contract with the University that contains a clear statement of, or specifically incorporates by reference documents (*e.g.*, this policy) defining:

(a) the conditions of employment;

(b) the conflict of interest policies that are applicable;

(c) the circumstances under which the contract can be terminated;

(d) the responsibility of the Wharton School or other budgetary unit for payment of salary and all specified benefits; and

(e) the rights of persons to due process by mechanisms available to University faculty in the event of grievance or alleged failure to protect the individual rights accorded a faculty member.

6. Benefits

Members of the Practice Faculty are entitled to full University faculty benefits. Leaves of absence will be granted in accordance with the University policy applicable to the Standing Faculty, with the exception that scholarly leaves of absence are not applicable to members of the Practice Faculty.

7. University Policies

Members of the Practice Faculty are subject to all University and Wharton School policies, including the University and Wharton School policies on conflict of interest.

8. Voting Rights

(a) Members of the Practice Faculty shall not have voting rights on items submitted to the Wharton faculty for a vote.

(b) Members of the Practice Faculty shall not vote on appointments or promotions.

(c) Whether members of the Practice Faculty have voting rights in department meetings on matters other than appointments and promotions shall be determined by the faculty of the department in which they are appointed.

9. The number of persons appointed in the Practice Faculty shall not exceed ten percent of the number of standing faculty that the Wharton School may at any given time be authorized to fill.

10. This policy will apply to any person appointed to the Practice Faculty beginning July 1, 1997, and is without prejudice to the rights of any person appointed under existing categories in the Associated Faculty prior to June 30, 1997.

11. This category of appointment will be reviewed periodically in conjunction with the regular reaccreditation review of the Wharton School, without prejudice to the rights of any person previously appointed in this category.

Action.....3. A Resolution to Establish the Position of Lecturer in Educational Practice in the Graduate School of Education was approved as follows:

Intention:

At the Graduate School of Education, as at most peer schools of education, those responsible for supervising student teaching interns, certification practicums, and teaching/counseling methods courses are not members of the standing faculty but are members of the academic support staff holding the titles of 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. These policies have resulted in a high turnover of the professional teaching staff. Moreover, they

discourage the very best practitioners from accepting appointment at the school and encourage a more extensive use of part-time lecturers for whom limits of service rules do not apply. This is not in the best interest of those students preparing for certification as teachers, school counselors, and reading specialists.

The Faculty in the Graduate School of Education wish to establish the position of Lecturer in Educational Practice, a position similar to the Lecturer in Foreign Languages position that was recently established in the School of Arts and Sciences. Such a position will allow for greater continuity of service among needed practitioners and provide a more systematic means by which the school evaluates the teaching and other professional contributions of those appointed. The position has been approved by the Faculty Senate and the Provost.

RESOLVED, that the position of Lecturer in Educational Practice be established in the Graduate School of Education in accordance with the requirements and procedures described below.

Lecturer in Educational Practice. The initial appointment as a Lecturer in Educational Practice will be for one year only. At the end of the first year, it is expected that the appointment will be extended for an additional two years on the basis of (1) performance and (2) the academic need for such services continuing to exist. The initial appointment and extension require the approval of the Dean upon the recommendation of the division.

The first professional review of the Lecturer in Educational Practice will take place prior to the end of the second year of service, at which time a division may decide to make the third year a terminal year of appointment or to recommend continuation for four additional years for a total of six years. Again, performance and academic need are the critical factors. A recommendation for continuation requires an evaluation by the division, the Faculty Personnel Committee, and the Dean. A recommendation for the Dean to continue an appointment beyond the third year will require approval of the Provost Staff Conference.

The second professional review of the Lecturer in Educational Practice will take place prior to the end of the fifth year of service, at which time a division may decide to make the sixth year a terminal one or to recommend continuation for three additional years for a total of nine. 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 and all subsequent reviews are as specified for the original second year review.

The third professional review of the Lecturer in Educational Practice will take place prior to the end of the eighth year, at which time a division 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 second year.

All subsequent reviews of the Lecturer in Educational Practice 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 reviews and the approval mechanism are as specified for the original second year review.

While the number of people serving as Lecturer in Educational Practice may vary depending on enrollments in the professional education courses, that number will not exceed 15 percent of the standing faculty.

B. Audit Committee - Mr. Riepe

Mr. Riepe reported that the Trustees' Audit Committee met yesterday to review a number of efforts on the campus to enhance the financial and management controls of the University. Such efforts will include an important senior management commitment to expanding the agenda and the role of the Accountability Task Force. In addition, the Committee applauded the efforts of the administration to build into the culture of the institution an understanding of and a respect for the importance of having a comprehensive set of internal controls that permeate all of the University's activities. The Committee also heard reports from the new University Director of Compliance, the Managing Director--now Vice President--of Internal Audit, and from Coopers & Lybrand. Mr. Riepe remarked that the Committee had a thorough discussion of the implementation of the FINMIS system, the financial reporting and control system that will be key to the ability to manage the complex financial organization of the University. Finally, the Committee met in an executive session with the senior officers of the University and then with Coopers & Lybrand; the major item of discussion was the Trustees' very strong interest in assuring that, in the decentralized organization of Penn, the University has qualified and well-trained financial staff supporting all of the various operating units.

Mr. Riepe then moved the below resolution for approval.

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

Intention:

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, and the changes in its net assets and its cash flows, 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 subject to negotiation of reasonable fees for Fiscal Year 1997.

C. Budget and Finance - Mrs. Catherwood

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

Action.....1. A Resolution on the Operating Budget for the University of Pennsylvania for Fiscal Year 1998 was approved as follows:

Intention:

The Trustee Budget and Finance Committee has reviewed the operating budget proposed for the University of Pennsylvania for Fiscal Year 1998 and recommends its approval.

RESOLVED, that the operating budget for the University of Pennsylvania for Fiscal Year 1998 recommended by the Trustee Budget and Finance Committee be and the same hereby is approved.

Action.....2. A Resolution on the Capital Budget for the University of Pennsylvania for Fiscal Year 1998 was approved as follows:

Intention:

The Trustee Budget and Finance Committee has reviewed and recommends for approval the Capital Budget proposed for the University of Pennsylvania for Fiscal Year 1998, representing estimated project costs of \$361,353,000, as follows:

Capital Renewal	\$2,000,000
Central Utilities	\$10,585,000
Code Compliance	\$5,325,000
Equipment Purchase	\$2,445,000
Information Systems	\$56,741,000
New Construction	\$120,195,000
Property Acquisition	\$11,200,000
Renovation	\$152,862,000

Individual projects within the Capital Budget costing \$1,000,000 or more will be presented for approval on a project by project basis.

RESOLVED, that the Capital Budget for the University of Pennsylvania for Fiscal Year

1998, representing estimated project costs of \$361,353,000, recommended by the Trustee Budget and Finance Committee be and the same hereby is approved.

Action.....3. A Resolution on the Operating Budget for the University of Pennsylvania Health System - Health Services Component for Fiscal Year 1998 was approved as follows:

Intention:

The Trustee Budget and Finance Committee has reviewed the operating budgets proposed for the University of Pennsylvania Health System - Health Services Component: the Clinical Practices of the University of Pennsylvania, Clinical Care Associates, Franklin Physician Services, Inc., the Hospital of the University of Pennsylvania, and the Presbyterian Medical Center for Fiscal Year 1998, and recommends their approval. These operating budgets were previously approved by the Health System Trustee Board Executive Committee.

RESOLVED, that the operating budgets for the University of Pennsylvania Health System- Health Services Component for Fiscal Year 1998 recommended by the Trustee Budget and Finance Committee be and the same hereby are approved.

Action.....4. A Resolution on Capital Budget Authorizations for the University of Pennsylvania Health System - Health Services Component for Fiscal Year 1998 was approved as follows:

Intention:

The Trustee Budget and Finance Committee has reviewed the capital budget authorizations proposed for the University of Pennsylvania Health System - Health Services Component: the Clinical Practices of the University of Pennsylvania, Clinical Care Associates, Franklin Physician Services, Inc., the Hospital of the University of Pennsylvania, and the Presbyterian Medical Center for Fiscal Year 1998, at an estimated cost of \$99,914,000, and recommends their approval. These capital budget authorizations were previously approved by the Health System Trustee Board Executive Committee with implementation dependent on Health System leadership's assessment of the level of achievement realized against the operating performance objectives incorporated in the Fiscal Year 1998 operating budgets.

RESOLVED, that these itemized capital budget expenditures, estimated to cost \$99,914,000, for the University of Pennsylvania Health System - Health Services Component for Fiscal Year 1998 recommended by the Trustee Budget and Finance Committee be and the same hereby are approved.

Action.....5. A Resolution on the Approval of the Merger Involving the Contributors to the Pennsylvania Hospital and Its Affiliates was approved as follows:

Intention:

The Contributors to the Pennsylvania Hospital (the "Hospital") is a nonprofit corporation and the corporate member or shareholder of the following wholly owned subsidiaries: Delancey Corporation (which is a partner in Spruce MRI Associates, a Pennsylvania general partnership), The Counseling Program, First Hospital Insurance Company, Ltd., and four inactive corporations: Philadelphia Dispensary, Maternity Hospital, Preston Hospital and Philadelphia Lying-In Charity. The Hospital also holds an interest in the following joint ventures: Hall-Mercer Hospital, Hospital Home Care Corporation (which is, itself, the sole corporate member of two subsidiaries: Hospital Home Care of Greater Philadelphia and Hospital Home Care Support Services) and the Physician Hospital Organization of Pennsylvania Hospital. The Hospital is also affiliated with First Health - The Health System of Pennsylvania Hospital, a Pennsylvania nonprofit corporation ("First Health"), which is the sole corporate member of Benjamin Franklin Clinic, a Pennsylvania nonprofit corporation employing approximately sixty physicians ("BFC"). The Trustees of the University of Pennsylvania, owner and operator of the University of Pennsylvania Health System ("UPHS"), plans to engage in a statutory merger of the Hospital into a newly formed nonprofit subsidiary of UPHS ("Newco"). By virtue of the statutory merger, Newco will succeed to the assets and liabilities of the Hospital, assume the Hospital's interest in each of the Hospital's subsidiaries and joint ventures, and become the sole corporate member of BFC. Additionally, UPHS will become the sole corporate member of First Health. By virtue of the statutory merger, Newco will succeed to the assets and liabilities of the Hospital, including its debt. Also, prior to closing the Hospital will issue a Promissory Note, as described in the Definitive Agreement and Plan of Merger, payable to The First Hospital Foundation, a Pennsylvania nonprofit corporation (the "Foundation"). At closing, Newco will assume responsibility to pay the Foundation under the terms of the Promissory Note which will be guaranteed by UPHS. The University of Pennsylvania Health System Trustee Board Executive Committee has approved, and recommends approval of, the transactions by the Budget and Finance Committee of the University of Pennsylvania Trustee Board and the University of Pennsylvania Trustee Board.

RESOLVED, that the transactions described in the foregoing Intention be, and the same hereby are, approved, with such changes as the Chief Executive Officer of the University of Pennsylvania Medical Center and Health System/Dean School of Medicine, or his designee, with the concurrence of the President of the University, approves (such approval to be evidenced conclusively by the execution and delivery on behalf of UPHS and Newco of documents effectuating such transactions).

FURTHER RESOLVED, that, pursuant to the foregoing, the delegation of authority to the Chief Executive Officer of the University of Pennsylvania Medical Center and Health System/Dean School of Medicine, or his designee, to take such action and approve and execute such documents on behalf of UPHS and Newco as may be necessary to effectuate and implement the transactions contemplated herein be, and the same hereby is, approved, with such changes as such officer deems advisable, necessary or appropriate in order to

effectuate such transactions, with the concurrence of the President of the University.

Action.....6. A Resolution on the Acquisition of Pinelands OB/GYN Associates, P.A. was approved as follows:

Intention:

Management of Clinical Care Associates of the University of Pennsylvania Health System ("CCA") proposes to cause CCA to acquire the tangible assets (the "Tangible Assets") of the primary care physician practice of Pinelands OB/GYN Associates, P.A. (the "Practice"). The goodwill and intangible assets (including service contracts) (the "Intangible Assets") relating to the Practice are being purchased, and the Practice employees, including the physicians, will be employed, by Clinical Health Care Associates of New Jersey, P.C. ("CHCA"). CHCA has requested CCA to loan CHCA the funds (the "CHCA Loan") necessary for CHCA to purchase the Intangible Assets.

The Board of CCA and The Trustees of the University of Pennsylvania, as sole member of CCA, have adopted a "Primary Care Practice Approval Process for Acquisitions" establishing a policy on the required approval process for primary care physician practice acquisitions by CCA. In accordance with such policy, the acquisition of the Tangible Assets by CCA and the CHCA Loan require the 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.

RESOLVED, that CCA is hereby authorized to (I) acquire the Tangible Assets and (ii) make the CHCA Loan to CHCA, 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.....7. A Resolution on the Acquisition of OB/GYN Associates of West Chester and Downingtown, P.C. was approved as follows:

Intention:

Management of Clinical Care Associates of the University of Pennsylvania Health System ("CCA") proposes to cause CCA to acquire OB/GYN Associates of West Chester and Downingtown, P.C., an OB/GYN physician practice with offices in West Chester, Downingtown and Kennett Square, Pennsylvania.

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 OB/GYN Associates of West Chester and Downingtown, P.C. 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 OB/GYN Associates of West Chester and Downingtown, P.C., 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.....8. A Resolution on the Acquisition of Brandywine OB/GYN Associates, P.C. was approved as follows:

Intention:

Management of Clinical Care Associates of the University of Pennsylvania Health System ("CCA") proposes to cause CCA to acquire Brandywine OB/GYN Associates, P.C., an OB/GYN physician practice with offices in Coatesville, Exton and Kennett Square, Pennsylvania.

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 Brandywine OB/GYN Associates, P.C. 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 Brandywine OB/GYN Associates, P.C., 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.....9. A Resolution on the Renovation of Blockley Hall for the Department of Biochemistry and Biophysics for the School of Medicine was approved as follows:

Intention:

The School of Medicine proposes to renovate 8,379 net square feet on the ground floor of Blockley Hall in order to provide modern research laboratories for the Department of Biochemistry and Biophysics -- Structural Biology Laboratory. The total project is estimated to cost \$2,042,325, based on bids, and will be paid by the School of Medicine.

This facility will be available to researchers throughout the institution as a resource for:

- teaching and training that provides "hands-on" experience for trainees in structural biology;
- serving departments, centers and institutes in advanced support for individual researchers;
- support of grant application writing that requires expert

knowledge of x-ray diffraction, nuclear magnetic resonance, and macromolecular structure determination and analysis.

The equipment that will be available includes three x-ray diffractometers and detectors and six nuclear magnetic resonance systems, varying in strength from 300-600 MHZ. The renovation of the space includes new HVAC systems as well as the fit-out of the new research facility.

RESOLVED, that the renovation of Blockley Hall, estimated to cost \$2,042,325, be and the same hereby is approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, execute such contracts, and incur such expenses and obligations -- not, however, 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.....*10. A Resolution on the Classroom Improvement Program was approved as follows:

Intention:

The University has established a program to repair and rehabilitate some of the heavily used classrooms on campus. The current phase will upgrade one classroom in Meyerson Hall and three in the Chemistry complex. The project is estimated to cost \$1,000,000 and will be funded by the Provost's instruction improvement program.

RESOLVED, that the improvement of classrooms in Meyerson Hall and the Chemistry complex, estimated to cost \$1,000,000, be and the same hereby is approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, execute such contracts, and incur such expenses and obligations -- not, however, 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.....*11. A Resolution on the Construction of a New Public Safety Headquarters at 4026-40 Chestnut Street was approved as follows:

Intention:

The University proposes to renovate the property located at 4026-40 Chestnut Street to create a new headquarters for the Division of Public Safety. This project will consolidate programs now located in three sites. In addition to redesigning the buildings' interiors, upgrading the HVAC and electrical systems and installing new security, voice and data communications systems, the project will install a ductbank to carry utility and data communications lines from the central campus to the building. The project is

estimated to cost between \$5,000,000 and \$6,000,000 and will be funded by a University loan.

RESOLVED, that the Division of Public Safety project, estimated to cost between \$5,000,000 and \$6,000,000, be and the same hereby is approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, execute such contracts, and incur such expenses and obligations -- not, however, 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.....12. A Resolution on the Campus Lighting Program, Phases II and III was approved as follows:

Intention:

The University is implementing a program for upgrading the quality of campus lighting. This effort addresses issues of security on campus walkways and highlights historic and architecturally significant buildings. In May 1997, the Trustees approved the initial phase of this project for a cost of \$1,014,000. The Administration will be ready to proceed with Phases II and III of this project during the summer of 1997. Phase II will install new lighting along Smith Walk and in the Engineering, Chemistry and Athletic precincts. Phase III will install new lighting within the area bounded by 36th and 38th Streets and Walnut and Spruce Streets, excluding the bookstore and the Social Science complexes.

In addition to those buildings identified for illumination in the May 1997 resolution, the current schedule of buildings to be illuminated through the first three phases of this project includes President's House, Fels Center, Kelly Writers House, 3914 Locust Walk (current Public Safety headquarters), St. Mary's Church, 3905 Spruce Street (WXPB), White Memorial Building (at the Hospital), Hayden Hall and the Towne Building. The cost of Phases II and III is estimated to be \$1,500,000, based on design documents, and will be paid by General University funds.

RESOLVED, that Phases II and III of the Campus Lighting Program, estimated to cost \$1,500,000, 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, 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.....13. A Resolution on the Fraternity and Sorority Safety and Security System was approved as follows:

Intention:

The University proposes to install communication wiring pathways for voice, data and security and safety systems in twenty-four fraternity and sorority houses. This project is estimated to cost \$1,500,000 and will be paid by Vice Provost for University Life funds and a University loan to be repaid with user service fees and charges.

RESOLVED, that the Fraternity and Sorority Safety and Security System, estimated to cost \$1,500,000, be and the same hereby is approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, execute such contracts, and incur such expenses and obligations -- not, however, 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.....14. A Resolution on the Library Information Storage Facility was approved as follows:

Intention:

The University intends to create a publicly accessible off-site library storage facility for approximately 1.6 million volumes of infrequently used materials in leased space in the former Philadelphia Bulletin building at 30th and Market Streets. The scope of the project includes environmentally conditioning the storage room and the purchase and installation of specialized storage systems. The project is estimated to cost \$3,000,000 and will be funded by a University loan.

RESOLVED, that the Library Information Storage Facility, estimated to cost \$3,000,000, be and the same hereby is approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, execute such contracts, and incur such expenses and obligations -- not, however, 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.....15. A Resolution on the Renovation of the Basement, First and Second Floors of the Franklin Building for a Student Administrative Service Center was approved as follows:

Intention:

The University proposes to renovate three floors of the Franklin Building to accommodate a Student Administrative Service Center. The Center will include Student Financial Services, Registrar, Cashier and PennCard programs. The project creates new

offices and student service spaces, and installs new HVAC and electrical distribution systems to support program needs. The project is estimated to cost \$2,200,000 and will be paid by University funding sources.

RESOLVED, that the renovation of the Franklin Building for the Student Administrative Service Center, estimated to cost \$2,200,000, be and the same hereby is approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, execute such contracts, and incur such expenses and obligations -- not, however, 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.....*16. A Resolution on the Renovation of Irvine Auditorium for the Perelman Quadrangle was approved as follows:

Intention:

The University proposes to renovate Irvine Auditorium as part of the Perelman Quadrangle. The project reduces seating capacity from 1,900 to 1,400, improves the acoustical properties of the hall and builds practice rooms and student activities spaces. In December 1995, the Trustees approved a design fees budget of \$2,283,000 for this work. The Administration intends to begin construction on this project in the summer of 1997. The project is estimated to cost between \$20,000,000 and \$23,000,000, including the previously approved designs fees budget, and will be funded by gifts and a University loan.

RESOLVED, that the renovation of Irvine Auditorium as part of the Perelman Quadrangle project, estimated to cost between \$20,000,000 and \$23,000,000, be and the same hereby is approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, execute such contracts, and incur such expenses and obligations -- not, however, 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.....*17. A Resolution on the Construction of Sansom Common, Phase I was approved as follows:

Intention:

The University intends to develop the 2.5 acre precinct bounded by 34th, 37th, Walnut and Chestnuts Streets as a quality commercial retail and services center, which will include a bookstore, hotel and shops. In January 1997, the Trustees approved a preconstruction services budget of \$10,000,000 for this project. The Administration proposes to begin construction of Phase I of Sansom Common in the summer of 1997.

Phase I, including the previously approved preconstruction services budget, is estimated to cost \$73,000,000, based on bids. The project will be paid by funding sources including a loan to be repaid with income generated by the development.

RESOLVED, that Phase I of Sansom Common, estimated to cost \$73,000,000, be and the same hereby is approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, execute such contracts, and incur such expenses and obligations -- not, however, 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.....*18. A Resolution Amending Borrowing Resolutions to Fund Capital Projects was approved as follows:

Intention:

The Trustees of the University of Pennsylvania by resolutions dated March 18, 1994 (as amended on June 10, 1994) and January 19, 1996 (as amended on March 5, 1996) (the "Borrowing Resolutions") authorized the funding of specific capital projects with the proceeds of up to \$150,000,000 of taxable or tax-exempt indebtedness. The Administration recommends that the projects listed below on Exhibit "A" be added to the list of projects that can be financed pursuant to the Borrowing Resolutions. The Administration further recommends that any other projects included on Schedule 1 of the approved Capital Budget for Fiscal Year 1998, as well as deferred maintenance projects, can be financed pursuant to the Borrowing Resolutions, subject to approval by the President, Executive Vice President, or Vice President for Finance on a project by project basis.

RESOLVED, that the Trustees of the University of Pennsylvania hereby approve the addition of the projects listed on Exhibit "A" to the list of projects that can be financed pursuant to the Borrowing Resolutions; and

FURTHER RESOLVED, that, subject to approval by the President, Executive Vice President, or Vice President for Finance on a project by project basis, other projects included on Schedule 1 of the approved Capital Budget for Fiscal Year 1998, as well as deferred maintenance projects, can be financed pursuant to the Borrowing Resolutions; and

FURTHER RESOLVED, except as amended hereto, the Borrowing Resolutions shall remain in full force and effect.

EXHIBIT A

Perelman Quadrangle
Institute for Advanced Science and Technology, Phase II
Medical Research Science Laboratories
New Wharton Academic Facility
Library Information Storage Facility
New Division of Public Safety Headquarters
Information Systems Upgrades

C. Development - Mr. Shoemaker

Mr. Shoemaker reported that Penn is headed toward another great year in development and alumni relations. Alumni relations is changing its approach to be more relevant to Penn alumni, no matter what their age. As a result, Penn alumni are better connected, more committed, and more involved as volunteers than ever before, and the University's fund raising results reflect these changes. Mr. Shoemaker noted that as of May 31, subscriptions were \$184 million, 15% ahead of last year, and Penn expects to surpass its goal of \$200 million for the year; receipts as of May 31 were \$137.2 million, 10% ahead of last year's numbers. Annual giving is proceeding on schedule as well with \$17.9 million toward a goal of \$20.3 million.

Mr. Shoemaker stated that Penn has received a number of new leadership gifts in support of the goals of the *Agenda for Excellence*. Regarding the goal of attracting the finest students, Penn has received several notable financial aid gifts including three from alumni for undergraduate scholarships: Jim and Gail Riepe have given \$1 million, Paul K. Kelly has donated \$1 million, and Michael Armellino has given \$500,000. Mr. Shoemaker also reported several donations in support of the strongest faculty including a \$10 million gift from alumnus Robert Goergen and his wife, Pamela, toward Wharton's programs in entrepreneurial management; \$2 million from Ed Snider to the Snider Entrepreneurial Center, and \$1.65 million from the estate of Edmund and Louise Kahn for an endowed professorship and support in the humanities. Several gifts have also been received in support of the best campus environment including two \$10 million gifts toward Wharton's new classroom building from the Salim Group and Chester Koo and a \$2 million gift for the Perelman Quadrangle, \$1.5 million of which will be used for the new admissions suite. Finally, Mr. Shoemaker reported that Penn has added \$40 million in new receipts for endowment. All in all, he characterized the year in development and alumni relations as encouraging and a very strong start to the University's fund raising for the *Agenda for Excellence*.

D. External Affairs - Mr. Lauder

Mr. Lauder reported that the External Affairs Committee addressed three major topics during its meeting yesterday. First, the Committee received a report from Mr. Vincent Curren, general manager of WXPB-FM. Mr. Lauder noted that the Committee was pleased by the expanded number of student interns at the radio station, and on behalf of the Committee, he congratulated the management of WXPB on their efforts toward increasing student involvement. Second, Mr. John Prendergast, editor of the *Pennsylvania Gazette*, reported to the Committee; Mr. Lauder noted that the magazine is in excellent hands for maintaining its very high quality and

servicing over 100,000 Penn alumni. Third, Ms. Carol Scheman reported to the Committee on various federal, Commonwealth, and community affairs. Mr. Lauder remarked that the current tax bill before the House and the Senate calls for a repeal of resident and teaching assistants' tax exempt status; such a repeal poses a threat to major research universities such as Penn, and Mr. Lauder urged the trustees to use any influence they might have to see that the repeal of TA and RA tax exempt status does not happen.

Mr. Lauder commented that the University, in concert with the City of Philadelphia, has proposed a vending ordinance for University City to address concerns of public health, sanitation, safety, and aesthetics. He noted that there does appear to be a real need for some regulations which have been successful in other parts of the city. In discussing the ordinance, the Committee heard from graduate and undergraduate student liaisons and vendors who expressed concerns impressively about the substance of the ordinance now before City Council and the process that led up to the proposed ordinance. Mr. Lauder reported that the Committee was asked to present a resolution at this Stated Meeting to create a formal mechanism for input, and while such a request to present a resolution is inappropriate, the Committee does encourage the University administration to use the time between now and the fall semester to find a mechanism to gather input from students, faculty, staff, vendors, and other interested parties before the ordinance is considered in full by City Council in the fall.

President Rodin stated that the administration recognizes the concerns that some groups have with regard to the vending ordinance introduced to City Council in June. To address such concerns, the University administration requested that consideration of the ordinance be delayed until September in order to meet with the various constituencies and interested parties over the summer in order to understand their concerns and make any enhancements to the proposed ordinance in a systematic and productive way.

E. Facilities and Campus Planning - Mr. Tanenbaum

Mr. Tanenbaum reported that the Committee met for four hours on Wednesday night to review the following projects with the architects and development consultants: 1) the status and modifications to the Perelman Quadrangle, 2) the state of planning for the proposed Wharton classroom building to be erected at 38th and Locust Streets, and 3) the state of planning for the proposed Sansom Common development. The Committee also was updated on the University's residential program. Mr. Tanenbaum stated that the Committee will be meeting over the summer, most likely in August.

F. Internationalization - Mr. Palmer

Mr. Palmer reported that during its meeting earlier today, the Internationalization Committee heard a progress report on Strategic Goal 6 (the International goal) of the Agenda for Excellence. Although the Committee was unable to discuss many of the areas covered by Goal 6, it did have an informative and exciting opportunity to explore the Penn website, which Mr. Palmer urged the Trustees to explore. At the meeting, Provost Chodorow also presented a report on the Third Annual Provost's Conference on International Education and Research, titled "The Urban Agenda: The Effects of Globalization on Major Cities." Eighty individuals participated in the conference which the provost characterized as highly successful.

G. Investment Board - Mr. Neff

Mr. Neff reported that during an early morning breakfast meeting on Thursday, the Investment Board met with one of Penn's two advisors in the international arena, Grantham Mayo VanOtterloo; Mr. Neff described the meeting as a positive and reassuring dialogue. Mr. Neff noted that Penn currently has two emerging markets international advisors and five domestic advisors, somewhat characteristic of how the portfolio was managed previously. He pointed out that the University is approaching \$2.5 billion in total market value of the endowment. Although Penn currently basks in the warmth of that total, Mr. Neff suggested that Penn might be reintroduced at some point to the phrase, "principal preservation," as the market is very much on the high side at over twenty times earnings and a 1.8% yield. He remarked that there is plenty of room for earnings disappointment, as even within the current "ever-advancing, almost mindless advance" of the market, there is daily "carnage." Mr. Neff noted that Penn is mindful of the nature of the market as domestic equities represent 41% of the portfolio, far less than the 58% proportion over 17 years ago. Still, Penn has "spread its wings" since that time and with international equities taken into account, the total equities position remains at 58%. Eight percent is invested in commercial real estate, a particularly rewarding investment for Penn over the past six years. A similar percentage of the portfolio remains in cash holdings, but Penn should continue to look for better opportunities to reinvest some of that money. Finally, Mr. Neff cautioned that though many expect continued moderate growth over the next three to four years, "keep your fingers crossed."

Mr. Neff recommended the approval of the appointment of the Investment Board set forth below. He noted, in particular, the addition of Mr. Howard Marks to the Board, who is expected to help Penn with some of the more exotic, so-called "alternative" investment areas.

*Action.....*1. A Resolution on Appointment of the Investment Board was approved as follows:

RESOLVED, that the following persons be elected as members of the Investment Board of the Trustees of the University of Pennsylvania for a term of one year, effective July 1, 1997 and until their successors are elected or appointed and qualified: Christopher H. Browne, Carol B. Einiger, Joseph B. Glossberg, Richard A. Hopkins, Howard S. Marks, Paul F. Miller, Jr., John B. Neff, James S. Riepe, Myles H. Tanenbaum and Richard B. Worley. John B. Neff will serve as Chairman of the Investment Board.

H. Student Life - Dr. Chisum

Dr. Chisum reported that the Student Life Committee received an update on the 21st Century Project for the Undergraduate Experience. As part of that update, Professor David Brownlee discussed the report of the Residential Communities Committee that he chaired; the report, titled "Choosing Community," recommended procedures for integrating the intellectual and cultural life of the University into residential living. Professor Alan Filreis, professor of English and director of the Kelly Writers House Project, and Shawn Walker, resident coordinator of the Project during its first year, described the Writers House Project, which has attracted students, faculty, and staff from across the University to a "beehive of intellectual and creative

activity" over the past academic year. Finally, Professor Filreis, who is also the chair of the Residential Faculty Council, described the Residential Computing Support Project, which was piloted in Van Pelt College House last year and will be upscaled over the next few years to include all undergraduates. The Project provides, through student support, 24-hour computer assistance with an average of 3.6 hour response time to those seeking assistance; as a result, professional computer support is required only a small portion of the time. The Project, imminently successful in the first phase in Van Pelt House, is expected to facilitate the delivery of computer assistance to all undergraduates as the next three phases of the project are implemented.

I. Alumni Report - Mr. Shapiro

Mr. Shapiro, reporting on behalf of Mrs. Elsie Sterling Howard, announced the names of the 1997 Alumni Award of Merit recipients: Dr. Morton Amsterdam, Dr. Audrey Bedford, Ms. Didi Owens, Ms. Simeon Park, Mr. Jerry Robinson, and Mr. Michael Sandler. The awards will be presented at the Alumni Gala during Homecoming on Saturday, November 8, 1997.

V. Appointments to Overseer and Other Boards

Action.....1. A Resolution for Filling Vacancy in the Membership of the Trustee Board of Clinical Care Associates and Appointing Dr. David E. Longnecker to the CCA Board was approved as follows:

Intention:

Section 4.06 of the Bylaws of the Clinical Care Associates of the University of Pennsylvania Health System ("CCA") requires that the Chairman of the University Trustee Board appoint members to the Board of Trustees of CCA to fill vacancies in the Board membership after consultation with the Chairman of the Health System Executive Committee, the President of the University, and the Chief Executive Officer ("CEO") of the Health System, with the concurrence of the University Trustee Board. With the impending departure of Dr. Edward W. Holmes from the Board with his leaving the Institution and, thus, the conclusion of his tenure as Chair of the Clinical Practices Executive Committee, there is a single vacancy on the Board of Trustees of CCA.

The Chairman of the Health System Executive Committee has identified Dr. David E. Longnecker, Chair of the Department of Anesthesia and new Chair of the Clinical Practices Executive Committee, as a superb candidate for the Board of Trustees of CCA, and has consulted with the CEO of the Health System about the possibility of Dr. Longnecker's serving as a member of the CCA Board, and believes that the Health System would benefit greatly from having Dr. Longnecker assume this position. In this capacity as a member of the CCA Board, he would serve with the already existing Board members as follows:

Robert J. Butera, Esquire
Robert E. Cawthorn
Joel W. Eisner, M.D.
Mark A. Kelley, M.D.

William N. Kelley, M.D.
John C.S. Kepner, Esquire
Anthony S. Minisi, Esquire (Chairman)
Paul H. Rogers, M.D.
John P. Wynne, Jr.

RESOLVED, that Dr. David E. Longnecker be appointed as a member of the Board of Trustees of Clinical Care Associates to fill a vacancy in such Board, effective July 1, 1997.

Action.....2. A Resolution for Approval of the Membership of the Trustee Board of the Clinical Care Associates of the University of Pennsylvania Health System was approved as follows:

Intention:

Whereas, section 4.02 of the Clinical Care Associates of the University of Pennsylvania Health System ("CCA") Bylaws provides for review and approval of the membership of the Trustee Board of CCA by the Health System Executive Committee and the University of Pennsylvania Board of Trustees;

RESOLVED, that this Executive Committee of the University of Pennsylvania Board of Trustees approves the membership of the Trustee Board of Clinical Care Associates of the University of Pennsylvania Health System consisting of the following members:

Robert J. Butera, Esq.
Robert E. Cawthorn
Joel W. Eisner, M.D.
Mark A. Kelley, M.D. (Ex-officio)
William N. Kelley, M.D. (Ex-officio)
John C.S. Kepner, Esq. (Ex-officio)
David E. Longnecker, M.D.
Anthony S. Minisi, Esq. (Chairman)
Paul H. Rogers, M.D.
John P. Wynne, Jr. (Ex-officio)

Action.....3. A Resolution on Appointments of Beatrice Garvan and Bernard Goldstein to the Board of Overseers of the University Libraries was approved as follows:

RESOLVED, that Beatrice Garvan and Bernard Goldstein be appointed to the Board of Overseers of the University Libraries for a three-year term, effective June 20, 1997.

Action.....4. A Resolution on Appointment of John C. Hover II to the Board of Overseers of the University Museum was approved as follows:

RESOLVED, that John C. Hover II be appointed to the Board of Overseers of the University Museum for a three-year term, effective June 20, 1997.

Action.....5. A Resolution on Appointment of Michael M. Maney to the Board of Overseers of the Law School was approved as follows:

RESOLVED, that Michael M. Maney be appointed to the Board of Overseers of the Graduate School of Education for a three-year term, effective June 20, 1997.

Action.....6. A Resolution on Appointment of Wayne G. Ferguson to the Board of Overseers of the School of Veterinary Medicine was approved as follows:

RESOLVED, that Wayne G. Ferguson be appointed to the Board of Overseers of the School of Veterinary Medicine for a three-year term, effective June 20, 1997.

There being no further business to come before the board, the meeting was adjourned at 3:30 p.m.

Respectfully submitted,

Barbara J. Lowery
Interim Secretary of the University