

**Minutes of the Executive Committee Meeting of the
Trustees of the University of Pennsylvania**

May 11, 2000

The Executive Committee Meeting of the Trustees of the University of Pennsylvania was called to order on Thursday, May 11, 2000, at 3:03 PM, in the Woodlands C/D Ballroom, Inn at Penn, 3600 Sansom Street. Trustees present were: Gilbert F. Casellas, Gloria Twine Chisum, Paul K. Kelly, Natalie I. Koether, William L. Mack, James S. Riepe, Judith S. Rodin (ex officio), Alvin V. Shoemaker, Michael L. Tarnopol, and Lawrence A. Weinbach. Others present were: Robert L. Barchi, Craig R. Carnaroli, Peter F. Erichsen, John A. Fry, Kimberly D. Hoover, Rosemary McManus, Marguerite Miller, Bruce Montgomery, Judith K. Rogers, and Peter G. Traber.

I. Call to Order—Mr. James S. Riepe

Mr. Riepe welcomed everyone to the Executive Committee Meeting of the Trustees of the University of Pennsylvania.

A. The minutes of the meeting of March 23, 2000 were approved as distributed.

II. Chair's Report—Mr. James S. Riepe

A. Comments

Mr. Riepe presented the following resolutions for approval by the Trustees:

Action.....1. A Memorial Resolution for David J. Mahoney was approved as follows:

David Mahoney (W'45, WEV'47) was a business leader and philanthropic activist of enormous energy, vision, and charisma, whose legacy includes pioneering work in promoting public awareness and support for brain research.

Born in the Bronx, the son of a construction worker, he served as an infantry captain in the Pacific during World War II, before enrolling in the Wharton School. While taking classes at night, he commuted to Manhattan to work in the mailroom of the advertising agency, Ruthrauff & Ryan, where he became a vice president at the age of 25. He went on to form his own company and then to hold

successive leadership positions at Good Humor, Colgate-Palmolive, Canada Dry, and Norton Simon, until retiring in 1983.

Throughout the years, he gave generously of his time and talents to health and education programs, among them Phoenix House, a residential drug treatment program whose board he chaired in the 1970s. In 1992, he became convinced that this era's greatest contributions would be in brain science, if only the public would invest the needed resources. As chief executive of the Charles A. Dana Foundation, he decided to lead the way, shifting the Foundation's long-standing health and education mission exclusively to neuroscience, while also founding the Dana Alliance for Brain Initiatives and providing further support through the Eleanor Naylor Dana Charitable Trust and David Mahoney Ventures.

Loyal to his alma mater, he became a Penn Term Trustee in 1976 and served until 1986, after which he was made an Emeritus Trustee. In 1983, he endowed the David Mahoney Institute of Neurological Sciences and the David Mahoney Professorship of Neurological Sciences in Penn's School of Medicine. Broadening his support, he also established the Harvard Mahoney Neuroscience Institute at the Harvard Medical School. Columbia University honored his many contributions to medical research by establishing the David Mahoney Center for Brain and Behavior Research.

In addition to six honorary degrees and numerous awards recognizing his contributions to the health sciences, his humanitarianism earned him the Congressional Medal of Honor Society's Patriot Award, the Torch of Liberty Award from the Anti-Defamation League, the Horatio Alger Award, and the Big Brotherhood Award.

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, share with the family of David Mahoney their abiding affection and gratitude for his friendship and wise counsel.

III. President's Report—Dr. Judith S. Rodin

A. Comments

Dr. Rodin was pleased to announce the institution of two new sets of awards for outstanding teaching this year. One award is for outstanding teaching assistants, graduate students nominated by the undergraduate students and faculty for whom they teach. The tremendous response to the call for nominees for this award demonstrates the enthusiasm on part of the undergraduate students and the faculty. Of the 230 nominations

recommending 130 graduate students, 10 awards were given at \$500 each. The second new award, equally as important, is the Models of Excellence Award for outstanding staff members who not only reflect the kinds of behaviors that fulfill the University's mission, but also go above and beyond the call of duty. In its first year, 145 recommendations were received for this award, and 4 awards were given, one of which was to a team, the Wharton School MBA Admissions group. The ceremony and reception for both awards were exceptional.

The President and Provost were delighted to present the following resolutions for approval by the Trustees:

Action.....1. A Resolution on Extension of the Appointment of Raymond Fonseca as Dean of the School of Dental Medicine was approved as follows:

RESOLVED, that Raymond Fonseca be reappointed Dean of the School of Dental Medicine for an additional two years, beginning July 1, 2001.

Action.....2. A Resolution on the Extension of the Appointment of Kathleen Hall Jamieson as Dean of the Annenberg School for Communication was approved as follows:

RESOLVED, that Kathleen Hall Jamieson be reappointed Dean of the Annenberg School for Communication for an additional two years, beginning July 1, 2001.

With great pleasure, Dr. Rodin then presented the following resolution for approval by the Trustees. Dr. Rodin described Bruce ("Monty") Montgomery as the irrepressible and delightful leader of the Penn Glee Club since 1959. During his tenure at Penn, Monty has taken the Glee Club to 30 countries on five continents, spreading the gospel of song. Mr. Montgomery will officially retire from Penn on June 2, 2000.

Action.....3. A Resolution of Appreciation for Bruce E. Montgomery was approved as follows:

Bruce "Monty" Montgomery has served as the irrepressible and delightful leader of Penn's Glee Club since 1959. In that time, he has taken the talented troupe to some 30 countries on five continents, spreading the gospel of song. Monty will officially retire on June 2, 2000, and Penn's musical life will never quite be the same.

Monty was obviously born to make music. The child of two opera singers, Monty wrote his first piece of music at the age of five, and his first operetta the following year. He received his formal education at Germantown Friends (1945) and Bethany College (1949), and began his Penn career soon thereafter, as assistant director of a program called the Cultural Olympics. He followed with a one-year stint as assistant to Penn's first director of public relations, Donald Sheehan, until then-president Gaylord Harnwell asked Monty to lead the University's extracurricular musical activities. Many musical and performing arts groups have benefited from Monty's enthusiastic direction in the years that followed, including Mask and Wig, Penn Singers, various a cappella groups, and, of course, the Penn Glee Club. A prolific and talented writer and artist, Monty's real love is Penn students—a fact that is obvious to all who have encountered him on campus over the years.

RESOLVED, that the Trustees of the University of Pennsylvania express their deep appreciation and gratitude for Bruce Montgomery's fifty years of service to the University community.

Mr. Montgomery thanked the audience for their recognition. Mr. Riepe acknowledged Mr. Montgomery as a “super” University citizen.

B. Academic Report—Dr. Robert L. Barchi

The Provost announced the institution of a new financial aid supplement program, the Summer Waiver Award Program, proposed this year by the Undergraduate Assembly (UA). This program helps ensure that students who need financial aid are not deprived of the opportunity to participate in a wider variety of summer activities that may advance their careers just because of their need to contribute to their financial aid packages. Students who are accepted to and participate in this program will qualify for a waiver of their expected contribution from summer savings; waiver awards will be given to students who are participating in low-paying or unpaid public or community service internships, conducting unpaid research activity, or performing unpaid work in the private sector that is related to their academic program or career aspirations. A student may receive one summer award waiver during their academic career at Penn. The educational returns of the program to the students who are on financial aid will be substantial and well worth the expense.

The Provost then spoke of the Alcohol Assessments & Measurement Report. Previously, Dr. Barchi mentioned that Stephanie Ives, the University's Alcohol Coordinator, would produce a year-end report assessing the University's progress in implementing the 45 recommendations that the Working Group on Alcohol Abuse produced last spring. The Provost's Office felt that the report should reflect the implementation efforts of both semesters in their entirety, so the report will be issued for publication in the *Almanac* when the students and faculty return for the fall 2000

semester. From Ms. Ives' preliminary findings, it is obvious that the University has made steady progress in some areas, like expanded social programming and improvements in alcohol education and awareness. However, other areas warrant further scrutiny, areas which the Provost has begun discussing with students and faculty and which will be reviewed further before any recommendations for modifications to the policy will be made in the fall semester. Ultimately, the Provost believes that, though Ms. Ives' report will demonstrate significant progress, it also will confirm that much more work needs to be done. It is well known that this progress requires a change in culture, and such a change cannot occur overnight.

Dr. Barchi proudly announced several honors. Two Penn faculty members recently won the prestigious John Simon Guggenheim Foundation Fellowship: Hai-Lung Dai, professor and chair of chemistry, will study chemical reaction control; Robert Blair George, professor of folklore and folklife, will study the spoken language and oral poetics in early New England. Additionally, four members of the faculty have been elected to the American Academy of Arts and Sciences (AAAS): Randall Collins, professor of sociology; Richard Slater Dunn, professor emeritus of history and director of the McNeil Center for Early American Studies; Charles Conn, professor of philosophy; and Paul Rozin, professor of psychology and the Edmund and Louise Conn Professor for Faculty Excellence. In addition, Dr. Joel Canaro, the first Penn Ombudsman and former dean of the School of Arts and Sciences (SAS) from 1983-85 and current president of the Guggenheim Foundation, also was elected to the AAAS.

This year, Penn experienced its most successful year in the history of the Andrew W. Mellon Minority Undergraduate Fellowship Program, a program that supports and prepares students for graduate studies. This year, every Mellon Fellow was accepted, with full funding, into some of the most prestigious Ph.D. programs in the country for fall matriculation. This places Penn's Mellon Program far ahead of any other in the country.

Finally, the Provost presented the following resolution for approval by the Trustees.

Action.....1. A Resolution on the Appointments, Leaves and Promotions, as presented in pages 5-26 in the meeting book, was approved by the Trustees.

C. Financial Report—Mr. John A. Fry

For the nine-month period ended March 31, 2000, the University's (excluding the Health Services Component and independent operations) net assets (unrestricted, temporarily restricted and permanently restricted) increased by \$31.8 million to a total of \$4.4 billion. This increase can be mainly attributed to non-operating contributions of \$132.2 million offset by a net loss on investments of \$109 million. The loss on investments is comprised of realized gains of \$75 million and unfavorable adjustments to fair value of \$184 million. This represents an approximate 3.9 percent decline in the fair

value of the University's investments over the first three quarters of this fiscal year. The Fiscal Year (FY) 2000 results are due in large part to our domestic equity position. The efforts to restructure the University's asset allocation in order to improve our investment returns continue.

The University increased its plant assets, net of depreciation, by over \$123 million since June 30, 1999. This is primarily the result of expenditures incurred for Perelman Quad, Sansom Common, Quadrangle renovations, Huntsman Hall, Annenberg School, and the new chiller. Since June 30, 1999, there has been an increase in deferred income of approximately \$75 million, which is entirely attributable to student tuition and fees, which will be recognized as revenue over the remainder of the fiscal year.

Through the first three quarters of FY 2000, the University has recorded an operating surplus of \$6.2 million, compared to a \$20.8 million surplus at March 31, 1999. Overall, operating revenue increased over 9 percent over the comparable period last fiscal year. Tuition and fees increased about 5.8 percent, reflecting the tuition rate increase, a slight increase in the number of students enrolled and increases in other special program revenue. The University continues to see significant increases in operating revenue derived from sponsored programs. Sponsored program revenue increased over 14 percent over the comparable period in FY 1999 to approximately \$254 million. This increase reflects the continuing trend that the University has seen over the last several years in the number of new sponsored program awards received. Overall, expenditures have increased 10.6 percent, primarily due to the increased sponsored program activities.

At this time, the University does not anticipate any significant variances from the planned budgeted performances for any of the schools or resource centers under the budgeting principles of the Responsibility Center Management.

For the Health System—Health Services Component—for the nine-month period ended March 31, 2000, the Health Services Component of the Health System had a loss from operations of \$10.8 million, including non-recurring charges of \$6.4 million. The loss from operations before the non-recurring charges was \$8.8 million better than budget. This result was due in part to lower-than-anticipated patient volume offset by \$29.5 million of third-party settlements for disproportionate share and risk contracts. After accounting for non-operating revenue and before the adjustment to fair value, the Health Services Component had an overall excess of revenue over expenses of \$17.4 million, which was \$8.4 million better than budget. Operating and capital cash decreased by \$74 million, primarily due to payments of accounts payable, continued difficulty with patient receivables, severance payments, and a reduction in the amount owed to the University. We continue to monitor the Health System's remediation plans, cash flows and liquidity position very closely.

D. Health System Report—Dr. Peter G. Traber

Dr. Traber reported that the School of Medicine maintains its ranking of the third best in the nation, just behind Harvard and Johns Hopkins, according to *U.S. News and World Report*, demonstrating the continued strength of Penn's academic and educational programs.

Dr. Traber then reported on the progress of the fundraising effort. Through April 30, 2000, \$578.8 million has been raised in the campaign toward the goal of \$600 million.

The Health Services Component of the Health System continues to make strong progress in addressing short-term and long-term financial challenges. In addition, an aggressive long-term strategic planning process is underway.

IV. Committee Reports

A. Audit & Compliance Report—Mr. Paul K. Kelly

Mr. Kelly reported that the committee held a special meeting that morning to review with the management of the University and Health System the third quarter and nine-month financial reports for the period ending April 30, 2000. PricewaterhouseCoopers, external auditors to the University and the Health System, attended, reviewed the statements, and indicated that the statements, as presented, were prepared properly and according to generally accepted accounting principles.

B. Budget & Finance Committee—Mr. Lawrence A. Weinbach

Mr. Weinbach presented the following resolutions for approval by the Trustees.

Action.....1. A Resolution on the General Mechanical and Elevator Systems Upgrade at Chestnut Hall Phases I-III was approved as follows:

University City Associates wishes to proceed with the design and construction of General Mechanical and Elevator Systems Upgrades to the Chestnut Hall Apartments located at 39th and Chestnut Streets. The project will provide for a comprehensive construction program involving the central heating, domestic hot water, electrical switchgear, and freight elevator systems in the facility. This project will address significant mechanical and life safety issues within the complex. The focus of the scope is to replace the central boilers and water storage tanks that have been in service well beyond their useful life. Certain environmental remediation issues will be addressed within the mechanical scope.

In addition to the central heating upgrade, engineering surveys have identified that the original electrical switchgear not only proposes significant life safety risk, but also, by virtue of obsolete design poses service delivery issues to the residents and commercial tenants. Furthermore, the original freight elevator system is unreliable in its current state of service in addition to non-compliance with current vertical transportation safety codes. These repairs are essential to providing a safe, reliable, and code compliant facility in the best interests of both the staff and the residents. The project is estimated to cost \$2 million and is to be funded from a Penn guaranteed external loan to UCA.

RESOLVED, that the design and construction for the General Mechanical and Elevator Systems Upgrades, estimated to cost \$2 million, 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 judgement, be necessary or desirable to accomplish the purposes of this resolution.

Action.....2. A Resolution on the Design and Construction of the Electrical Upgrades to Hill College House was approved as follows:

The Department of Housing and Conference Services wishes to proceed with the design and construction for the interior, electrical upgrades to the Hill College House at 3300 Walnut Street. The project will provide for upgraded and increased electrical capacity to all undergraduate rooms, bathroom facilities, and community lounges of the facility. This installation will provide new branch circuitry and panel distribution throughout the entire house to meet the increased utility demands of today's undergraduates. Engineering surveys and associated load tests indicated that although the central transformers and switchgear had capacity to service the demand, the branch circuitry could not provide consistent supply to enable reliable operation of computers and other convenience devices. In addition, this project will address certain life/safety, and quality of life issues for the undergraduates and acknowledge our commitment to the College House Renewal Program. The project is estimated to cost \$1.4 million and is to be funded through an Internal Capital Loan that will be repaid from funding sources with the Housing/Dining Renewal Program. These include Housing and Conference Services, Sheraton Hotel operations, and Central University resources.

RESOLVED that the design and construction for the electrical upgrades to the Hill College House, estimated to cost \$1.4 million, 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 judgement, be necessary or desirable to accomplish the purposes of this resolution.

Action.....3. A Resolution on the Design and Construction of Levy Center of Oral Health Research Exterior Facade Renovations was approved as follows:

The School of Dental Medicine wishes to proceed with the design and construction of renovations to the Levy Center of Oral Health Research at 4010 Locust Street. The project will provide for a façade investigation that was completed in September 1999. This study detailed potential brick failures at certain areas. The majority of the failures can be attributed to brick shelf, parapet, and corbel problem from water infiltration due to poor initial construction. Subsequently detailed documents have been produced providing for temporary pedestrian protection and repair of problematic areas of the façade. The temporary protection will have to remain in place until the repairs are complete. These repairs are needed in order to protect pedestrians and to preserve the building from further deterioration. The project is estimated to cost \$1.2 million and will be funded through a capital funding transfer of \$400,000 from the School of Dental Medicine’s operating funds, and \$800,000 from the Facilities renewal fund.

RESOLVED, that the design and construction of the renovations to the Levy Center of Oral Health Research, estimated to cost \$1.2 million, 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 judgement, be necessary or desirable to accomplish the purposes of this resolution.

Action.....4. A Resolution on the Design and Installation of a Central Public Address System in the Student High Rises was approved as follows:

The Department of Housing and Conference Services, in support of the recommendations of the University sanctioned Fire and Safety task force, wishes to proceed with the design and installation of a central public address system in all student housing high rises. The primary purpose of this installation is to provide a central means of voice contact with the undergraduate population of the high rises in the event of any emergency. This system will add an additional means of communication to the existing, life/safety notification systems in the facilities.

Although all fire notification systems meet current code, this project will add additional means of direction and clarification in the event of any emergency. The project design recommends installation of a centrally operated audio system which will enable certain designees to provide restricted voice direction to the house occupants. The project is estimated to cost \$1.3 million and is to be funded through an Internal Capital Project Loan to be repaid from the Housing and Conference Services budget.

RESOLVED, that the design and construction for the electrical upgrades to the Hill College House, estimated to cost \$1.3 million, 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 judgement, be necessary or desirable to accomplish the purposes of this resolution.

*Action.....*5. A Resolution on the Design and Construction of Sansom Place Towers Exterior Facade Renovations was approved as follows:

The Department of Housing and Conference Services wishes to proceed with the design and construction of façade renovations to the Sansom Place Towers at 3600-3650 Chestnut Street. The project will provide for a comprehensive façade restoration and surface waterproofing application to be completed by October 2000. A feasibility study completed in mid-1999 outlined potential structural and ongoing safety issues at the site. This project will correct the issues documented in that report. The majority of the deterioration is attributed to concrete spalling due to water infiltration due and structural steel corrosion stemming from poor construction practices. Furthermore, this project will complete another component of the master plan for the Sansom Commons locale by restoring the structural integrity of buildings along Steve Murray’s Way. These repairs are needed in order to protect pedestrians and to preserve the building from further deterioration. The project is estimated to cost \$2.2 million and is to be funded through an Internal Capital Project Loan to be repaid from the Housing and Dining Conference Service budget.

RESOLVED, that the design and construction of the façade renovations to the Sansom Place Towers, estimated to cost \$2.2 million 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 judgement, be necessary or desirable to accomplish the purposes of this resolution.

Action.....6. A Resolution on the University’s Guaranty of up to \$9,000,000 of Loans of University City Associates, Inc. was approved as follows:

University City Associates, Inc. (“UCA”) borrowed \$5,000,000 (the “Loan”) in June 1999 from Allfirst Bank (the “Bank”) to refinance a 1992 loan from National Westminster Bank NJ (now Fleet Bank) for various corporate purposes. The Loan is due in June 2000 and UCA desires to extend the Loan for an additional term. UCA also desires to borrow an additional amount up to \$4,000,000 from the Bank or another financial institution or pooled loan program to repay a loan from the University to UCA and to finance renovations and improvements to UCA’s facilities, including Chestnut Hall. In connection with the Loan, the University executed and delivered its guaranty to the Bank, guaranteeing UCA’s obligations to repay the Loan, which significantly reduced UCA’s interest costs. UCA has requested and the administration of the University recommends that the University execute a guaranty with respect to the extension of the Loan, as well as a guaranty of the new \$4,000,000 loan that UCA desires to incur in connection with the loan repayment and renovations and improvements to its facilities, in order to reduce UCA’s borrowing costs.

RESOLVED, that the Trustees of the University hereby approve the University’s guaranty (the “Guaranty”) of a (i) the additional term of the existing \$5,000,000 Loan to UCA, and (ii) a \$4,000,000 loan by the Bank or another financial institution or pooled loan program to UCA, provided that the total amount of UCA’s borrowing to which the Guaranty relates shall not exceed \$9,000,000 plus interest and other charges payable thereon and that the term of the Guaranty not exceed 10 years.

FURTHER RESOLVED, that the Executive Vice President and Vice President for Finance and Treasurer be and either of them is hereby authorized and empowered to approve the form, conditions and terms of one or more instruments constituting the Guaranty and to execute and deliver on behalf of the University the Guaranty and other documents required to be executed and delivered in connection therewith, the execution and delivery of the Guaranty and any other documents to be conclusive evidence of approval thereof by the executing officer.

FURTHER RESOLVED, that the Secretary or his or her designee be and any one of them is hereby authorized and empowered to attest the corporate seal to the Guaranty and any document executed and delivered in connection with the Guaranty on behalf of the University.

FURTHER RESOLVED, that the Executive Vice President and Vice President for Finance and Treasurer be and either of them is hereby authorized and empowered to take any action or to do anything that shall be necessary to carry out the intent and purposes of this resolution.

*Action.....*7. A Resolution on the Extension or Refinancing of the University's Loan of up to \$15,000,000 from Mellon Bank, N.A. was approved as follows:

In 1995 the University became the obligor on a loan (the "Loan") from Mellon Bank, N.A. ("Mellon Bank") which refinanced a 1986 loan from Fidelity Bank, N.A. (now First Union National Bank) the proceeds of which were used to finance the construction of an office and retail complex at 3401 Walnut Street in Philadelphia. The Loan, which is secured by a mortgage on 3401 Walnut Street and which is currently outstanding in the amount of approximately \$15,000,000, is due in June 2000. The administration of the University recommends that the University either extend the term of the Loan for up to ten years or refinance the Loan by entering into a new loan with another financial institution, and, in connection therewith, enter into such documents (including amendments to the existing Loan documents or new loan documents with another financial institution) as may be necessary and appropriate.

RESOLVED, that the Trustees of the University hereby approve the extension of the term of the existing Loan or the refinancing of the Loan by entering into a new loan with another financial institution, provided that the total amount of the Loan or the new loan, as applicable, shall not exceed \$15,000,000 and that the additional term of the Loan or the new loan, as applicable, shall not exceed ten years.

FURTHER RESOLVED, that the Executive Vice President and Vice President for Finance and Treasurer be and either of them is hereby authorized and empowered to approve the form, conditions and terms of, and to execute and deliver on behalf of the University, loan agreements, notes, mortgages and other security documents, or amendments to the existing documents relating to the Loan, as applicable, and any other documents, certificates or instruments required to be executed and delivered in connection therewith, the execution and delivery of such documents to be conclusive evidence of approval thereof by the executing officer.

FURTHER RESOLVED, that the Secretary or his or her designee be and any one of them is hereby authorized and empowered to attest the corporate seal to any document executed and delivered in connection with the transactions authorized hereby on behalf of the University.

FURTHER RESOLVED, that the Executive Vice President and Vice President for Finance and Treasurer be and either of them is hereby authorized and empowered to take any action or to do anything that shall be necessary to carry out the intent and purposes of this resolution.

*Action.....*8. A Resolution on Various Retirement Benefit Plans for the University of Pennsylvania's Eligible Employees was approved as follows:

WHEREAS, The Trustees of the University of Pennsylvania (the "University") sponsor and maintain various retirement benefit plans for the University's eligible employees; and

WHEREAS, the University desires to make certain amendments to its existing retirement benefit plans and to adopt new retirement benefit plans in order to provide a competitive benefit program to the University's eligible employees.

NOW, THEREFORE, BE IT RESOLVED, that the University takes the following actions:

Adoption of the FOP Plan

RESOLVED, that, effective as of August 1, 1999, the University desires to adopt the University of Pennsylvania Fraternal Order of Police, Pennsylvania Lodge 113, Defined Benefit Retirement Plan (the "FOP Plan") to provide benefits for its employees who are subject to a collective bargaining agreement with the Fraternal Order of Police, Pennsylvania Lodge 113;

RESOLVED, that the Vice President of Human Resources be and hereby is authorized to appoint three staff members to act as management trustees of the FOP Plan;

RESOLVED, that, for employees who will be covered under the new FOP Plan and who previously accrued benefits under the University of Pennsylvania Retirement Allowance Plan ("RAP"), the University approves and authorizes the transfer of assets from the RAP to the FOP Plan of the amounts accrued by such employees under the RAP; provided, that the amount transferred (i) is sufficient to satisfy the applicable requirements under section 414(l) of the Internal Revenue Code of 1986, as amended (the "Code"), and any regulations promulgated thereunder; and (ii) includes any amount necessary to provide FOP participants with RAP benefits that must be preserved under the FOP Plan pursuant to Code section 411(d)(6) and any applicable regulations promulgated thereunder; and

RESOLVED, that the Vice President of Human Resources be and hereby is authorized and empowered to approve the form, conditions and terms of the FOP Plan and to execute and deliver on behalf of the University the FOP Plan and other documents required to be executed and delivered in connection thereto, the execution and delivery of the FOP Plan and any other documents to be conclusive evidence of approval thereof by the executing officer.

Amendment of the RAP

RESOLVED, as of the adoption of the FOP Plan, or as soon as administratively practicable thereafter, the University hereby amends the RAP to provide that employees who will be covered under the FOP Plan will no longer be covered under the RAP;

RESOLVED, that effective July 1, 2000 and with the concurrent amendment of the University of Pennsylvania Basic Tax-Deferred Annuity Retirement Plan (the "TDA Plan"), the RAP is hereby amended to exclude employees who make a voluntary election to cease benefit accruals under the RAP and to begin receiving benefits under the TDA Plan on and after July 1, 2000; and

RESOLVED, that the Vice President of Human Resources be and hereby is authorized and empowered to approve the form, conditions and terms of the amendment to the RAP and to execute and deliver on behalf of the University the amendment to the RAP and other documents required to be executed and delivered in connection thereto, the execution and delivery of the amendment to the RAP and any other documents to be conclusive evidence of approval thereof by the executing officer.

Amendment of the TDA Plan

RESOLVED, that effective July 1, 2000, the University hereby amends the TDA Plan to extend coverage to certain eligible employees who make a voluntary election to cease benefits accruals under the RAP and to begin receiving benefits under the TDA Plan;

RESOLVED, that effective January 1, 1997, the University hereby amends the TDA Plan to comply with applicable changes in law as required under the Small Business Job Protection Act of 1996, the Taxpayer Relief Act of 1997, and the IRS Reform and Restructuring Act of 1998; and

RESOLVED, that the Vice President of Human Resources be and hereby is authorized and empowered to approve the form, conditions and terms of the amendment to the TDA Plan and to execute and deliver on behalf of the University the amendment to the TDA Plan and other documents required to be

executed and delivered in connection thereto, the execution and delivery of the amendment to the TDA Plan and any other documents to be conclusive evidence of approval thereof by the executing officer.

Adoption of the Basic Contribution Plan

RESOLVED, that effective July 1, 2000, the University hereby adopts the University of Pennsylvania Basic Contribution Plan (the "Basic Plan") to provide a basic University contribution to eligible employees;

RESOLVED, that the Vice President of Human Resources be and hereby is authorized and empowered to appoint trustees for the Basic Plan, to approve the form, conditions and terms of the Basic Plan and to execute and deliver on behalf of the University, the Basic Plan and other documents required to be executed and delivered in connection thereto, the execution and delivery of the Basic Plan and any other documents to be conclusive evidence of approval thereof by the executing officer.

Adoption of the Supplemental Executive Retirement Plan

RESOLVED, that effective July 1, 1999, the University hereby adopts the University of Pennsylvania Supplemental Executive Retirement Plan (the "SERP") to provide certain key administrators with retirement benefits that would otherwise be unavailable by reason of certain restrictive provisions of law applicable to the TDA Plan;

RESOLVED, that the Vice President of Human Resources be and hereby is authorized and empowered to approve the form, conditions and terms of the SERP and to execute and deliver on behalf of the University, the SERP and other documents required to be executed and delivered in connection thereto, the execution and delivery of the SERP and any other documents to be conclusive evidence of approval thereof by the executing officer.

Conclusion and General Authority

RESOLVED, that the Vice President for Human Resources is hereby authorized empowered and directed to take such actions, and to execute and to deliver such amendments, documents and other instruments as he may deem necessary, appropriate or desirable to effectuate the intent of the foregoing resolutions; and

RESOLVED, that any actions previously taken by the Vice President for Human Resources (or his duly authorized delegates) to carry out the intent and purposes

of these resolutions is hereby ratified and confirmed as if such actions were taken pursuant to duly executed resolutions of the University.

Action.....9. A Resolution Authorizing \$1.1 million for the Fit Out of One Floor of the Farm Journal Building by the University of Pennsylvania Health System—Health Services Component was approved as follows:

Health System Management is seeking authorization to reallocate capital funds to fit out of one floor of the Farm Journal Building for Pennsylvania Cardiology Associates and CT Surgery. The project provides expanded practice office space through the construction of approximately 16,060 sq. ft. of physician office and clinical space on the 3rd floor of the Farm Journal Building. The fit out costs will be amortized in the rent at an interest rate of ten percent and will be paid back as rent over a period of ten years. Analysis shows that the cumulated cash flows associated with this move will allow payback of the capital cost to occur in 2.96 years. The outcome is predicated on an additional 25 cardiology cases which would be generated by the expansion of Pennsylvania Cardiology Associates. The project is estimated to cost \$1.1 million and will be funded from the existing capital authorization of the Health System approved by the UPHS Trustee Executive Committee on June 7, 1999. The UPHS Trustee Executive Committee will review this resolution at its May 8, 2000 meeting.

RESOLVED, that fiscal year 2000 capital funds be reallocated to construct offices and clinical space on one floor of the Farm Journal Building, estimated to cost \$1.1 million, 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 percent of the estimated cost as presented to the Budget and Finance Committee – as may, in their judgement, be necessary or desirable to accomplish the purposes of this resolution..

Action.....10. A Resolution Authorizing \$2.5 million for the Phoenixville Hospital of the University of Pennsylvania Health System—Health Services Component was approved as follows:

The Phoenixville Hospital wishes to re-establish themselves as the technical provider of Radiation/Oncology services for the University of Pennsylvania Health System – Health Services Component, on their campus. In order to provide this service, management recommends approval for the following equipment: linear accelerator, \$1,200,000; computer assisted tomography scanner (CT), \$800,000; treatment planning system, \$150,000; and renovation of space and fit out cost of, \$350,000, estimated to cost \$2.5 million. The Health System expects to fund this project either from an external capital lease or from its

existing cash balances. The UPHS Trustee Executive Committee reviewed and approved this resolution at its May 8, 2000 meeting.

RESOLVED, that either entering into a capital lease or expending existing cash balances for the equipment, estimated to cost \$2.5 million, 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 percent of the estimated cost as presented to the Budget and Finance Committee – as may, in their judgement, be necessary or desirable to accomplish the purposes of this resolution.

V. Appointments to Overseer and Other Boards—Mr. James S. Riepe

Mr. Riepe presented the following resolutions for approval by the Trustees.

Action.....1. A Resolution on Appointment of Arthur K. Asbury, M.D. to the Trustee Board of the University of Pennsylvania Health System was approved as follows:

RESOLVED, that Arthur K. Asbury, M.D., be appointed to the University of Pennsylvania Health System Trustee Board for a three-year term, effective May 11, 2000.

Dr. Arthur K. Asbury, Van Meter Professor of Neurology Emeritus at the University of Pennsylvania School of Medicine, is best known for his clinical and experimental studies of peripheral neuropathies, particularly those seen with chronic kidney failure, in patients with diabetes mellitus, and the acute autoimmune neuropathy commonly called Guillain-Barré syndrome. A native of Cincinnati, Dr. Asbury received his baccalaureate degree in agriculture from the University of Kentucky and his medical degree from the University of Cincinnati College of Medicine in 1958. He took postgraduate training at the Massachusetts General Hospital and Harvard Medical School in Medicine, Neurology, and Neuropathology. In 1973, he accepted the Chair of Neurology at the University of Pennsylvania School of Medicine, a position he held until 1982. In 1988-89, he served as Acting Dean and Executive Vice President of the University of Pennsylvania Medical Center. He subsequently accepted a three-year term as Vice Dean for Research, and another four years as Vice Dean for Faculty Affairs. Dr. Asbury is currently serving as the Deputy Dean of the School of Medicine.

As a leader in national and international neurological organizations, Dr. Asbury was a Vice President of the World Federation of Neurology, which sponsors the World Congress of Neurology every four years, and is a Past President of the

American Neurological Association, the Association of University Professors of Neurology, and the Philadelphia Neurological Society. Dr. Asbury was elected to membership in the Institute of Medicine of the National Academy of Sciences in 1993. He also served as a member of the National Institute of Neurological Disorders and Stroke Council from 1990-94.

Action.....2. A Resolution on Appointments of Jonathan Z. Cohen, Richard P. Jaffe and Debbie Feith Tye to the Advisory Board of the Center for Advanced Judaic Studies was approved as follows:

RESOLVED, that Jonathan Z. Cohen, Richard P. Jaffe and Debbie Feith Tye be appointed to the Advisory Board of the Center for Advanced Judaic Studies for a three-year term, effective May 11, 2000.

Mr. Jonathan Z. Cohen, C'92, is Senior Vice President of Resource American and a Director of Resource Energy. Mr. Cohen also is Vice Chairman and a Director of Atlas America. Since 1997, he has served as a Trustee and Secretary of Resource Asset Investment Trust, a real estate investment trust. From 1994 to 1997, Mr. Cohen was Chief Executive Officer of Blue Guitar Films, Inc., a New York-based media company.

Mr. Richard P. Jaffe, C'65, is Managing Partner of the Philadelphia firm, Mesirov Gelman, and is Chair of its Venture Capital and Technology Group. Mr. Jaffe was recently appointed to Mayor John F. Street's Commission on E-Commerce. He is a member of the Corporate Executive Board of the Philadelphia Museum of Art, the Board of Directors of the Greater Philadelphia Venture Group, and the Board of Directors of the University City Science Center.

Mrs. Debbie Feith Tye is a member of the Board of Overseers of the Albert Einstein Healthcare Network, the Auxiliary Board of the Albert Einstein Medical Center, and the Executive Committee of the Albert Einstein Society. Mrs. Tye was the first female President of the Albert Einstein Society and was designated an Albert Einstein Society Community Honoree in 1999. She also served two terms as President of the Medical Center Auxiliary Board. Mrs. Tye is Vice President of the Friends of Samuel Paley Day Care Center, which is part of Federation Day Care, and a member of the Board of Champions of Caring, a not-for-profit organization whose mission is to teach young people the universal lessons of the Holocaust. She received, jointly with her father, Dalck Feith Tye, the 1993 National Philanthropy Day Award.

Action.....3. A Resolution on Appointment of Alan S. Jacobs, Esq. to the Board of Overseers of the University Libraries was approved as follows:

RESOLVED, that Alan S. Jacobs, Esq. be appointed to the Board of Overseers of the University Libraries for a three-year term, effective May 11, 2000.

Alan S. Jacobs, Esq., C'67, is a senior partner with Gratch Jacobs & Brozman P.C. Mr. Jacobs received his JD, with honors, from George Washington University in 1971. He was admitted to the New York Bar in 1972 and also is a member of the American Bar Association. Mr. Jacobs' practice areas include acquisitions, divestitures and mergers, commercial law, secured lending, equipment leasing law, and corporate law.

Action.....4. A Resolution on Appointment of Edward C. Friedrichs to the Board of Overseers of the Graduate School of Fine Arts was approved as follows:

RESOLVED, that Edward C. Friedrichs be appointed to the Board of Overseers of the Graduate School of Fine Arts for a three-year term, effective May 11, 2000.

Mr. Edward C. Friedrichs, GAR'68, is President of Gensler, a San Francisco architectural and interior design firm, which is an all-service firm known for its work in the entertainment industry and early use of digital technology. In conjunction with his exhibition, *Digital Design @ Gensler*, recently shown in Meyerson Hall, Mr. Friedrichs presented a lecture entitled, "The New World of Architectural Practice". He is a member of the International Facility Management Association, the Urban Land Institute and the National Council of Architectural Registration Boards. Mr. Friedrichs is President of the Board of Governors, Western Los Angeles Regional Council of the Boy Scouts of America and Co-founder of the Education Research Initiative.

Action.....5. A Resolution on Appointment of Natalie I. Koether, Esq. as Chair Emerita of the Board of Overseers of the School of Arts and Sciences was approved as follows:

RESOLVED, that Natalie I. Koether, Esq. be appointed as Chair Emerita of the Board of Overseers of the School of Arts and Sciences, effective May 11, 2000.

Natalie I. Koether, Esq., CW'61, L'65, is Chair of the Trustees' Academic Policy Committee and is a member of the Trustees' Executive, Development and Honorary Degrees Committees. Mrs Koether is a member of the School of Arts and Sciences' Board of Overseers and served as the Board Chair from 1990 to

1999. She also is a member of the Trustees' Council of Penn Women. Mrs. Koether is counsel to the New York law firm of Rosenman & Colin. From 1989 to 1994, she was a partner with Keck, Mahin & Cate and served as the partner-in-charge of its New York office, which was known in New York as Keck Mahin Cate & Koether. Prior to 1989, Mrs. Koether was a partner with Koether, Harris & Hoffman.

Action.....6. A Resolution on Appointment of Susan W. Catherwood as Chair Emerita of the Board of Overseers of the University Museum of Archaeology and Anthropology was approved as follows:

RESOLVED, that Susan W. Catherwood be appointed as Chair Emerita of the Board of Overseers of the University Museum of Archaeology and Anthropology, effective May 11, 2000.

Mrs. Susan W. Catherwood is Vice-Chair of the Board of Trustees and the Trustees' Executive Committee, and is Chair of the Trustees' Student Life Committee. Mrs. Catherwood serves on the Trustees' Budget and Finance, Neighborhood Initiatives, and Nominating Committees, and on the Wharton Undergraduate Executive Board. She also served as Chair of the University Museum Board of Overseers from 1982 to 1990. A Director of PECO Energy, The Glenmede Corporation, The Glenmede Trust Company, and The Glenmede Trust Company of New Jersey. Mrs. Catherwood also is a member of the board of The Pew Charitable Trusts, the Catherwood Foundation, the Christopher Ludwick Foundation, the Thomas Harrison Skelton Foundation, the World Affairs Council, the Monell Chemical Senses Center, the Executive Service Corps of the Delaware Valley and the United Way of Southeastern Pennsylvania. She is a graduate of Stanford University.

Action.....7. A Resolution on Appointment of Saul P. Steinberg as Chair Emeritus of the Board of Overseers of the Wharton School was approved as follows:

RESOLVED, that Saul P. Steinberg be appointed Chair Emeritus of the Board of Overseers of The Wharton School, effective May 11, 2000.

Mr. Saul P. Steinberg, W'59, is a member of the Trustees' Executive, Development, Facilities and Campus Planning, and Nominating Committees. Mr. Steinberg is a member of the Wharton School Board of Overseers and served as Board Chair from 1987 to 1999. He is Founder, Chairman and CEO of Reliance Group Holdings, Inc., a New York City-based insurance holding company. Mr. Steinberg serves on the boards of Symbol Technologies, Inc. and Zenith National Insurance Corporation. He also is a life overseer on the board of Cornell

University Medical College, a life trustee on the Board of Trustees of the Long Island Jewish Medical Center, a Director of the New York Hospital-Cornell Medical Center, and an Honorary Trustee of the New York Public Library.

Mr. Alvin Shoemaker questioned why an investment report was not included in the meeting book. The Trustees need to be able to overlook the entire process and, if necessary, to question it. Mr. Riepe stated that he will closely consider Mr. Shoemaker's suggestions.

There being no further business to discuss, the meeting was adjourned at 3:27 PM.

Respectfully submitted,

Rosemary McManus
Secretary of the University