Minutes of the Stated Meeting
of the
Executive Committee of the Trustees of the University of Pennsylvania
11 September 1987

A meeting of the Executive Committee was held on Friday, 11 September 1987 in the Tea Room of the Faculty Club. Trustees attending included: Richard P. Brown, Jr.; Susan W. Catherwood; F. Eugene Dixon, Jr.; G. Morris Dorrance, Jr.; Robert A. Fox; C.F. Fretz; Sheldon Hackney; Carl Kayser; Margaret R. Mainwaring; Paul F. Miller, Jr.; John B. Neff; Alvin V. Shoemaker; and D. Robert Yarnall, Jr. Others present included: Michael Aiken; Ann Bailey; Richard Clelland; Ann Duffield; Holly English; Shelley Z. Green; Christine Guerci; Carole Gurkaynak; Stanley Johnson; Saul Katzman; Robert G. Lorndale; Doris McGann; Mary Ann Meyers; David Morse; Jennifer Murtha; Antonia Oberthaler; John Shea; Edward J. Stemmler; Barbara Stevens; Gregory Stone; Francine F. Walker; and Julie Welburn.

I. Call to Order
The chairman called the meeting to order and the minutes of 8 May 1987 were approved as written by the secretary.

II. President's Report

A. Dr. Hackney observed that the University had just welcomed a freshman class of record size, numbering some 2,525 students. He said that the move into residences went extremely well, and he complimented Acting Vice Provost of University Life Kim Morrisson and her staff on their efforts. He thanked Mr. Fretz and also Dr. Clelland for their participation in the Opening Convocation.

Turning to problems and opportunities facing the University in 1987-88, the president mentioned the implementation of newly-adopted sexual and racial harassment policies. He pointed in particular to the need to appoint and train advisors in each of Penn's schools and administrative units to assist members of the community who feel they have a racial- or sexual-harassment complaint. He reported that the South African Educational Fund is operative and that there are four new non-white South African students studying on campus.

B. The president then introduced a series of resolutions. In bringing the first, he complimented the Consultative Committee on the Selection of A Provost, which was chaired by Professor David DeLaura, for its efficiency and thoroughness. He observed that the nominee, Dean Aiken, was devoted to the collegial process and was noted for the care and fair-mindedness with which he approached decision-making.

1. Action. A Resolution on the Appointment of Michael Aiken as Provost
was approved as follows:

RESOLVED, that Michael Aiken be elected provost for a seven-year term, effective 11 September 1987.

2. Action. A Resolution on the Extension of the Term of Russell E. Palmer as Dean of the Wharton School was approved as follows:

RESOLVED, that Russell E. Palmer’s term as dean of the Wharton School be extended for two years, from 1 July 1990 to 1 July 1992.

3. Action. A Resolution on the Election of Barbara Sale Butterfield as Vice President for Human Resources was approved as follows:

RESOLVED, that Barbara Sale Butterfield be elected vice president for human resources, effective 11 September 1987.

4. Action. A Resolution on the Election of Arthur T. Gravina as Vice President for Facilities Management was approved as follows:

RESOLVED, that Arthur T. Gravina be elected vice president of facilities management, effective 11 September 1987.

5. Action. A Resolution on the Election of Scott C. Lederman as Treasurer was approved as follows:

RESOLVED, that Scott C. Lederman be elected treasurer, effective 11 September 1987.

6. Action. A Resolution Authorizing Application for a Liquor License for the Wharton Executive Education Center was approved as follows:

Intention:

The University of Pennsylvania wishes to be granted a new hotel liquor license for the Wharton Executive Education Center. The Pennsylvania Liquor Control Board requires a Resolution of the Board of Trustees Executive Committee authorizing the license application as part of its licensing procedures. The Administration supports the license application.

RESOLVED, that an application for a hotel liquor license for the Wharton Executive Education Center to expire on October 31, 1988 be filed with the Pennsylvania Liquor Control Board.

FURTHER RESOLVED, that the Vice President for Finance or the Treasurer be authorized and either or both are hereby authorized to execute the necessary application and bond, and any other papers required by the Pennsylvania Liquor Control Board.

FURTHER RESOLVED, that the Vice President for Finance or the Treasurer be authorized and either or both are hereby authorized to execute in the future all documents required to be filed in connection with the above referenced liquor license including but not limited to renewal applications, bonds, amendments or corrections to the license or with respect to changes concerning the University or the Wharton Executive Education Center required to be reported to the Pennsylvania Liquor Control Board.

FURTHER RESOLVED, that this Resolution remain effective until superseded.

Academic Report

1. Action. A Resolution on the Termination of the Department of Social Systems Sciences in the Wharton School was approved as follows:

Intention:

After the resignation from the faculty of Professor Russell L. Ackoff, the Wharton School carried out a major review of its social
systems sciences program involving an internal quinquennial review committee, an external departmental review committee, and the social systems science faculty. A consensus was reached to the effect that the Graduate Group in Social Systems Sciences should be maintained, but that the Department of Social Systems should be dissolved. Now that the financial affairs of the department have been rearranged and the appointments of all members of the standing faculty transferred to other departments, it is appropriate to ask for formal action terminating the department.

RESOLVED, that pursuant to the recommendations of the internal quinquennial review committee, the external departmental review committee, and the faculty of the Department of Social Systems Sciences, the Department of Social Systems Sciences be terminated, effective 11 September 1987.

2. In introducing a Resolution on Appointments, Leaves, and Promotions, Dr. Hackney called attention to the proposed promotions to tenure of Francis Brevart as an associate professor of German and Henrika Kuklick as an associate professor of the history and sociology of science. The resolution was approved as found on pages 1 through 30 of the meeting book.

D. Financial Report

Dr. Whittington reported that for the twelve-month period ending 30 June 1987, the University had an excess of revenues over expenses of $104,000 in addition to the $97,000 debt amortization for the Graduate Hospital and the Trustee-approved transfers of $615,000 to the Undergraduate Development Fund and $400,000 to the Research Fund. She said that the Hospital of the University of Pennsylvania had ended FY'87 with an excess of revenues over expenses of $4,380,000 before an extraordinary loss resulting from the refinancing of the 1987 bond issue. She further noted that the Clinical Practices had an excess of revenues over expenses of $13,258,000 as well as a net increase of $3,385,000 in their Education and Development Fund balances. The vice president for finance also reported that the University had received a "clean audit" from Coopers and Lybrand.

IV. Trustee Committee Reports

A. Budget and Finance

Mr. Fox reported that the Budget and Finance Committee had reviewed 14 resolutions and recommended them to the Trustees for favorable action.

1. Action. A Resolution to Acquire Letters of Credit for Insurance Coverage was approved as follows:

Intentions:

In connection with the University's insurance program, it is necessary for the Trustees to acquire Letters of Credit to underwrite risks taken on behalf of the University by insurance carriers. The administration has arranged for the First Pennsylvania Bank N.A. to issue an irrevocable Letter of Credit in the amount of $28 million in favor of the CIGNA Corporation for the twelve-month period July 1, 1987 to July 1, 1988. The Letter of Credit serves to offset the liabilities of the insurance company in connection with the University's first layer of medical malpractice insurance coverage. CIGNA's role is a requirement of the Pennsylvania Catastrophe Fund.

In like manner, the University requires an irrevocable Letter of
Credit to be issued by the Philadelphia National Bank in the amount of $2,140,000 in favor of CIGNA Corporation for the twelve-month period July 1, 1987 to July 1, 1988. This Letter of Credit is required for our general liability insurance coverage.

RESOLVED, that the Vice President for Finance or other appropriate officers of the University are hereby authorized to request and cause the issuance of an irrevocable, unsecured Letter of Credit by the First Pennsylvania Bank N.A. in the amount of $28 million for the account of The Trustees of the University of Pennsylvania and for the benefit of CIGNA Corporation, together with any amendments to such Letter of Credit as they deem appropriate, and to execute and deliver any and all agreements and instruments required by such bank in connection therewith, and that any action theretofore taken by said officers is hereby ratified and confirmed.

RESOLVED, that the Vice President for Finance or other appropriate officers of the University are hereby authorized to request and cause in issuance of an irrevocable, unsecured Letter of Credit by the Philadelphia National Bank in the amount of $2,140,000 for the account of The Trustees of the University of Pennsylvania and for the benefit of CIGNA Corporation, together with any amendments to such Letter of Credit as they deem appropriate, and to execute and deliver any and all agreements and instruments required by such bank in connection therewith, and that any action theretofore taken by said officers is hereby ratified and confirmed.

2. Action. A Resolution on the Replacement of the Hutchinson Gymnasium Roof was approved as follows:

Intention:

A moisture survey was performed on the roof of Hutchinson Gymnasium which indicated almost 50% of the roof contained moisture in the insulation. As a result of the moisture trapped under the roofing material, the building is experiencing leakage which is causing damage to the interior.

The plan is to remove all the old roofing material and apply new insulation and a rubber membrane roof. The administration is prepared to begin this project, which is included in the Deferred Maintenance Action Plan for fiscal year 1988. The engineering documents are being completed and the administration will competitively bid the project. The estimated cost of the project is $250,000. The funding source is the deferred maintenance budget for fiscal year 1988.

RESOLVED, that the replacement of the Hutchinson Gymnasium roof, estimated to cost $250,000, be and the same hereby is approved and that the Vice President for Finance or other appropriate officers of the University be and they hereby are authorized to proceed with such replacement and execute such contracts and incur such expenses and obligations - not, however, substantially in excess of the estimated cost of such replacement presented to the Budget and Finance Committee - as they shall in their judgment be necessary or desirable to accomplish such replacement.

3. Action. A Resolution on the Replacement of the Logan Hall Roof was approved as follows:

Intention:

A feasibility study for the exterior renovation of Logan Hall, including the roof, was conducted in response to reports of roof leaks and the visible deterioration of the exterior fabric. The architects recommended roof replacement and extensive repairs to the dormer/mansards zone of the building as the most immediate need. Estimated project cost is $1,400,000. The administration will fund this first phase of the Logan Hall renovation from the deferred maintenance budget for fiscal year 1988. This project is included in the Capital Budget for fiscal year 1988.
RESOLVED, that the replacement of the Logan Hall roof, estimated to cost $1,400,000, be and the same hereby is approved and that the Vice President for Finance or other appropriate officers of the University be and they hereby are authorized to proceed with such replacement and execute such contracts and incur such expenses and obligations — not, however, substantially in excess of the estimated cost of such replacement presented to the Budget and Finance Committee — as may in their judgment be necessary or desirable to accomplish such replacement.

4. Action. A Resolution on the Furness Building Renovation Phase 1B was approved as follows:

Intention:

On 13 March 1987, the Trustees approved Phase 1A of the renovation of the Furness Building in the amount of $3.1 million. The scope of work included: a new tile roof, the structural reinforcement of existing trusses, restoration of masonry and the skylight and the rehabilitation of windows and the front porch.

The administration proposed to proceed with the completion of bidding documents of Phase 1B of the Furness Building Renovation. The scope of work includes designing the rebuilding of stack area and miscellaneous structural work. The total cost of the architectural/engineering fees amounts to $423,000. Funds for this phase will come from fundraising and the deferred maintenance budget for fiscal year 1988. The cost estimate for all of phase 1B is $3.5 million and this project is included in the Capital Budget for fiscal year 1988.

RESOLVED, that the bidding documents for phase 1B of the renovation of the Furness Building, estimated to cost $423,000, be and the same hereby is approved and that the Vice President for Finance or other appropriate officers of the University be and they hereby are authorized to proceed with such renovation and execute such contracts and incur such expenses and obligations — not, however, substantially in excess of the estimated cost of such renovation presented to the Budget and Finance Committee — as may in their judgment be necessary or desirable to accomplish such renovation.

5. Action. A Resolution on the Exterior Rehabilitation of the School of Veterinary Medicine Phase I and II was approved as follows:

Intention:

Due to the deteriorated condition of masonry walls and limestone of the Veterinary Medicine-Old Quadrangle, a survey of the exterior steel lintels was completed by a structural engineer in 1985. The resulting report indicated that rehabilitation and restoration of the exterior envelope are necessary. Construction documents specifying roof repair and replacement, exterior masonry restoration, lintel repair and replacement, and new windows for all four wings of the building quadrangle have been completed.

Because of the deteriorated physical conditions, the administration began construction in the spring of 1987 on the west and south wings designated Phase I and II respectively. The project cost is $2.86 million and will be financed from deferred maintenance funds for fiscal year 1988. This project is included in the Capital Budget for fiscal year 1988.

RESOLVED, that the exterior rehabilitation of the School of Veterinary Medicine Phases I and II, estimated to cost $2.86 million, be and the same hereby is approved and that the Vice President for Finance or other appropriate officers of the University be and the same hereby are authorized to proceed with such rehabilitation and execute such contracts and incur such expenses and obligations — not, however, substantially in excess of the estimated cost of rehabilitation presented to the Budget and Finance Committee — as may in their judgment be necessary or desirable to accomplish such rehabilitation.
6. Action. A Resolution on the Renovation of the Computer Graphics Research Facility of the School of Engineering and Applied Science was approved as follows:

Intention:

The Computer Graphics Research Facility of the Department of Computer and Information Science presently occupies space originally designed as a television studio. This space is in need of additional equipment, rearrangement, and upgrading of mechanical and electrical systems in order to support the state-of-the-art graphics workstations and other equipment required for research in this field. The estimated project cost is $288,000. Funding for this project has been approved by the University's Research Facilities Development Fund for fiscal year 1988. This project is included in the Capital Budget for fiscal year 1988.

RESOLVED, that the renovation of the Computer Graphics Research Facility of the School of Engineering and Applied Science, estimated to cost $288,000, be and the same hereby is approved and that the Vice President for Finance or other appropriate officers of the University be and they hereby are authorized to proceed with such renovation and execute such contracts and incur such expenses of the estimated cost of such renovation presented to the Budget and Finance Committee - as may in their judgment be necessary or desirable to accomplish such renovation.

7. Action. A Resolution on Interior Repairs to University Building was approved as follows:

Intention:

A campus-wide survey of University buildings produced a list of repair needs resulting from miscellaneous damage such as roof leakages, etc. The corrective program for miscellaneous repairs of classrooms, common spaces, toilet facilities, sidewalks, etc. is estimated to be approximately $250,000 and the source of funding is the deferred maintenance budget for fiscal year 1988. This project is included in the Capital Budget for fiscal year 1988.

RESOLVED, that interior repairs to campus buildings, estimated to cost $250,000, be and the same hereby is approved and that the Vice President for Finance or other appropriate officers of the University be and they hereby are authorized to proceed with such repairs and execute such contracts and incur such expenses and obligations - not, however, substantially in excess of the estimated cost of such repairs presented to the Budget and Finance Committee - as may in their judgment be necessary or desirable to accomplish such repairs.

8. Action. A Resolution on the Purchase of Two Digital Equipment Corporation Vax 8700 Computer Systems for the Wharton School was approved as follows:

Intention

The administration proposes to purchase two (2) Digital Equipment Corporation VAX 8700 (DEC 8700) computer systems and components for the use of the Wharton School. Through this proposed purchase, the Wharton School will obtain much needed additional computing capacity for research and instruction as well as flexible and affordable growth in its computer facility.

The Digital Equipment Corporation will sell these machines at a 40% discount and together with software license transfers, the sale of the current VAX 8650 and other allowances, the net purchase price for the two DEC 8700 is $1,035,000.

The administration proposes to purchase the two DEC 8700 computer systems at a net cost to the University of $1,035,000. The funds for the purchase will come from a $900,000 University loan to the Wharton School which will be repaid with interest over five years by the
Wharton School from its operational budget; the remaining $135,000 will be funded by the Wharton School from this year's operational budget.

RESOLVED, that the purchase of two Digital Equipment Corporation VAX 8700 (DEC 8700) computer systems for the Wharton School, at a cost of $1,035,000, be and hereby is approved and that the Vice President for Finance or other appropriate officers of the University be and they hereby are authorized to proceed with such purchase and incur such expenses and obligations—not, however, substantially in excess of the estimated cost of such equipment presented to the Budget and Finance Committee—as may in their judgment be necessary or desirable to effect such purchase.

9. Action. A Resolution on the Construction of a Chiller Plant-Substation Building at Blockley Hall was approved as follows:

Intention:

On 10 April 1987, the Trustees approved an expenditure of $2,050,000 to purchase long lead delivery equipment for a chilled water plant and electrical substation that will provide air conditioning and electricity for the proposed Clinical Research Building and to support the renovations and upgrades of systems throughout the medical complex. The utility plant must be in operation by January 1989 to meet the requirements of the Clinical Research Building which will be functioning at that time.

The administration requests approval to proceed with the construction of this utility building, the utility lines in the streets which will supply the Clinical Research Building and other medical complex buildings, and the pre-purchase of support equipment for the plant. The total cost of this construction and equipment, including design fees, is $8,800,000. The funding will come from general university funds and will be paid back by utility charges and the School of Medicine.

At a later time, the administration will bring another resolution forward for consideration to complete the purchase of other equipment now estimated to cost $1.5 million. The Medical Center has requested that the utility plant be constructed in such a manner that future expansion on the site may be accommodated. This adds $1 million to the cost of the building. In addition, the University may have to bear up to $800,000 of utility work to upgrade capacity from PECO lines to the new substation. Both of these costs are included in the $8,800,000 requested. This project is included in the Capital Budget for fiscal year 1988.

RESOLVED, that the construction of a chiller plant-substation building at Blockley Hall, estimated to cost $8,800,000, be and the same hereby is approved and that the Vice President for Finance or other appropriate officers of the University be and they hereby are authorized to proceed with such construction and execute such contracts and incur such expenses and obligations—not, however, substantially in excess of the estimated cost of such construction presented to the Budget and Finance Committee—as may in their judgment be necessary or desirable to accomplish such construction.

10. Action. A Resolution on the Leasing of Land and the Development of a Parking Lot on Property Located at 34th Street and Grays Ferry Avenue, Philadelphia, Pennsylvania was approved as follows:

Intention:

The administration has been seeking additional parking, playing fields and recreational sites for use by the university community. It began discussions with the DuPont Company in the spring of 1987 to acquire or lease land that is located to the east of the Schuylkill River, on the southeast corner of 34th and Grays Ferry Avenue. A conceptual plan for the redevelopment of this 17.42-acre property has been completed, and the administration seeks approval to enter into a long-term lease for this land.
The University's annual rent is estimated not to exceed $25,000 and will be based on the University's proportionate square-foot share of the real estate taxes for the entire parcel.

The completed plan for this property consists of a parking lot, four tennis courts, four volleyball courts, a football field, a track field, two softball fields and a fitness course. The administration proposes to begin Phase I by developing, in the fall of 1987, a parking lot for up to 450 cars. The total costs for Phase I is estimated at $700,000. Phase II, the development of the fields and fitness course, would be implemented in the summer of 1988. Phase III, the conversion of a portion of the parking area into tennis and volleyball courts, would be implemented in the early 1990's. The estimated cost of the total project is $3.5 million. The administration also requests approval to undertake Phase I at this time. The funding source for Phase I will be the parking reserve and an advance from the general university funds, to be repaid by Transportation and Parking.

RESOLVED, that the leasing of the land and the development of a parking lot on a property located at 34th Street and Grays Ferry Avenue, estimated to cost $700,000, be and the same hereby are approved and that the Vice President for Finance or other appropriate officers of the University be and they hereby are authorized to lease the property and convert the land into a parking lot and execute such contracts and incur such expenses and obligations - not, however, substantially in excess of the estimated cost of such leasing and development presented to the Budget and Finance Committee - as may in their judgment be necessary or desirable to accomplish such leasing and development.

11. Action. A Resolution on Renovations to the Hospital of the University of Pennsylvania was approved as follows:

Intention.

Upon completion of the Founders Pavilion at the Hospital of the University of Pennsylvania, additional renovation will be required to connect the pavilion to other buildings in the hospital complex. These connections and attendant renovations are necessary and were planned in order to make the surgical facilities in the Founders Pavilion more efficient.

In addition, the administration of the Medical Center proposes to modify the Silverstein Pavilion to accommodate a new admissions office. The Board of Trustees of the Medical Center's Health Services Committee has approved an expenditure of $111,023,100 for these renovations and modifications. Funding for this expenditure will come from the 1984 hospital bond proceeds, amounting to approximately $8 million, together with a portion of the debt service reserve fund, which is no longer required under the refinancing that occurred in 1987. The administration recommends approval of this expenditure.

RESOLVED, that the renovations to the Hospital of the University of Pennsylvania, estimated to cost $111,023,100, be and the same hereby are approved and that the Vice President for Finance or the Executive Vice President for the Medical Center be and they hereby are authorized to proceed with such renovations and execute such contracts and incur such estimated cost of such renovations presented to the Budget and Finance Committee - as may in their judgment be necessary or desirable to accomplish such renovations.

12. Action. A Resolution on Amending the Retirement Allowance Plan of the University of Pennsylvania was approved as follows:

Intention:

As of January 1, 1948, the Trustees of the University of Pennsylvania adopted the Retirement Allowance Plan of the University of Pennsylvania (the "University Plan"), which has been amended from time to time and restated as of July 1, 1984. When the University of...
Pennsylvania acquired the Ophthalmology Services Corporation effective December 31, 1986, the Ophthalmology Service Corporation provided retirement benefits for its employees under the Ophthalmology Services Corporation Defined Benefit Pension Plan (an IRS qualified defined benefit plan). Because it is desirable to provide staff employees of the University of Pennsylvania with equal retirement benefits under one uniform defined benefit plan, Section 9.1 of the Plan should be amended to accommodate the former employees of the Ophthalmology Services Corporation. The Administration recommends trustee approval of the amendment.

RESOLVED, that the Ophthalmology Service Corporation Defined Benefit Pension Plan is merged into the Retirement Allowance Plan of the University of Pennsylvania effective August 1, 1987.

FURTHER RESOLVED, that the appropriate officers of the University and the Plan Administrator of the University Plan are hereby authorized and directed to take all such actions and to execute and deliver all such documents as they deem necessary or appropriate to implement the foregoing resolution and to obtain a favorable determination from the Internal Revenue Service as to the qualified status of the University Plan, including but not limited to the adoption and execution of amendments to the University Plan in accordance with Section 9.1 thereof and the submission of the University Plan to the Internal Revenue Service for approval.

13. Action. An Amendment to the Resolution of 19 June 1987 on the Renovation of Laboratory Space for the Department of Radiology, School of Medicine was approved as follows:

Intention:

On 19 June 1987, the Trustees approved the administration's request to renovate 2500 square feet of space to provide a wet-bench laboratory facility for a newly recruited radiopharmacologist. The administration had sought to accommodate this program in University-owned space at a cost not to exceed $300,000. However, the administration has determined that there is no appropriate University-owned space available for a reasonable time period for Dr. Hank Kung and his program.

In the University City Science Center there is sufficient space to provide a modern state-of-the-art laboratory space for the Department of Radiology, which will include office space, conference room, computer work room, instrumentation room, organic chemistry lab, and chemistry lab including five chemical fumehoods. The cost of renovating the laboratory space is now estimated to cost $450,000 and will be funded by the Department of Radiology. This project was part of the Capital Budget for fiscal year 1987. The administration recommends approval of this amendment to the original resolution.

RESOLVED, that the renovation of laboratory space for the Department of Radiology, estimated to cost $450,000, be and the same hereby is approved and that the Vice President for Finance or other appropriate officers of the University be and they hereby are authorized to proceed with such renovation and execute such contracts and incur such expenses and obligations - not, however, substantially in excess of the estimated cost of such renovation presented to the Budget and Finance Committee - as may in their judgment be necessary or desirable to accomplish such renovation.

14. Action. An Amendment to the Resolution of 19 June 1987 Authorizing Participation in the Development of the Philadelphia General Hospital Site as a Member of the PGH Development Corporation and Children's Health Development Corporation was approved as follows:

Intention:

On 19 June 1987, the Trustees approved the administration’s request to authorize the University's participation as a member of the PGH Development Corporation and Children's Health Development

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Corporation and to contribute equity funds to CHDH not to exceed $250,000. The contribution by the University of its proportionate share of the equity funds required by PGH and CHDC to finance their development of Sites 1 and 2 was not to exceed $400,000.

The administration now seeks to amend the commitment of equity funds from $400,000 to one-third of the total equity contribution required, estimated to be $586,500.

RESOLVED, that the contribution by the University of its proportionate share of the equity funds required by PGHDC and CHDC to finance their development of Sites 1 and 2 be and hereby is approved, provided, however, that the total funds to be so contributed by the University shall not exceed the sum of $586,500.

B. Development

Mr. Miller observed that it was very early in the fiscal year to give any meaningful report. He pointed out that the Development Office's report of a total of $23.3 million in subscriptions and $7.6 million in receipts through 31 August included a foundation gift that the University had known about for several years.

C. Medical Center Board

Mr. Brown observed that in the two months since he had taken over as chairman, he had been meeting with a number of the top staff of the Medical School, the Hospital, and the Clinical Practices. "If you don't expect miracles in the way of financial results in the next year or two," he said, "I think things will be going along pretty well."

D. Investment Board

Mr. Neff observed that "the market continues ever challenging and more than a little difficult to understand. In particular," he said, "the bond market has been pummeled badly after having already gotten pretty well beat up in April and May. Long-term governments are two and a half percentage points higher than when the market was at its most favorable point in the spring of 1986," he noted. "The stock market," he said, "continues along its own merry way, having recovered from a recent mild setback of six percent or so. We are a bit confused in the sense that fundamentals are really not all that strong," the Investment Board Chairman observed. "The last buttress was an abundance of liquidity and now, under the new chairman of the Fed, we're tightening that up a bit. It makes you wonder what keeps the market so happy."

Mr. Neff went on to note that Penn's Investment Board has "tried to deal as capably and prudently as possible with the possibility that a change in administration could be around the corner. We even resorted to our ace in the hole and started to sell some calls on the portfolio, including IBM and two of the telephone stocks," he said. "Our concentration within specific areas may border on imprudent in the sense that the areas that are attractive to us are autos and such financial intermediaries as banks, insurance companies, and savings and loans." He went on to note that a
surrogate for Penn's equity portfolio are the Windsor funds, and the
discount of Windsor relative to the average price-earnings ratio of
the Standard and Poor 500 Stock Average is usually 35-40 percent. We
took our first run of 1988-earnings estimates recently," Mr. Neff
said, "and the discount is 55 percent. It's never been so
significant in terms of spotlighting the areas that seem to us to be
undervalued. The flip side [of that undervaluation]," he then
observed, "is that the rest of the marketplace seems to be kind of
losing its head and we're trying to keep ours."

Mr. Neff pointed out that the total market value of the AIF had
increased to a little more than $575 million. "I think we're at a
point in time where we're as interested in principal retention as we
are in reaching out with more gusto." Cash or cash equivalents
represented 10 percent of total investments as of 4 September,
according to the Investment Board chairman. "We've been moving the
fixed income percentage up a bit," he said, "as fixed-income
securities look like a better buy to us than maybe the entire equity
marketplace as a whole. Although, again, the portion of that
marketplace that we're invested in looks pretty reasonable."

V. Overseer and Other Boards

A. Action. A Resolution on Appointments to the Board of Trustees of
the Medical Center was approved as follows:

RESOLVED, that Ernest L. Boyer and Carolyne K. Davis be appointed to
the Program Committee of the Board of Trustees of the Medical Center
for three-year terms, effective 11 September 1987.

B. Action. A Resolution on Appointments to the Board of Overseers
of the School of Arts and Sciences was approved as follows:

RESOLVED, that Martin K. Alloy and Michael R. Sandler be appointed to
the Board of Overseers of the School of Arts and Sciences for
three-year terms, effective 11 September 1987.

C. Action. A Resolution on an Appointment to the Board of Overseers
of the School of Dental Medicine was approved as follows:

RESOLVED, that Morton E. Goldberg be appointed to the Board of
Overseers of the School of Dental Medicine for a three-year term,
effective 11 September 1987.

D. Action. A Resolution on an Appointment to the Board of Overseers
of the Graduate School of Fine Arts was approved as follows:

RESOLVED, that Anne Fisher be appointed to the Board of Overseers
of the Graduate School of Fine Arts for a three-year term, effective 11
September 1987.

E. Action. A Resolution on Appointments to the Board of Overseers
of the School of Law was approved as follows:

RESOLVED, that Robert N.C. Nix and Gail Sanger be appointed to the
Board of Overseers of the School of Law for three-year terms,
effective 11 September 1987.

F. Action. A Resolution on Appointments to the Board of Overseers
of the School of Social Work was approved as follows:

RESOLVED, that Jean Anwyll, Samuel H. Ballam, Jr., Linda S. Martin,
and Lee van de Velde be appointed to the Board of Overseers of the

G. Action. A Resolution on Appointments to the Board of Overseers of the University Museum was approved as follows:

RESOLVED, that Alexius C. Conroy and Douglas G. Lovell, Jr. be appointed to the Board of Overseers of the University Museum for three-year terms, effective 11 September 1987.

H. Action. A Resolution on an Appointment to the Board of Overseers of the Wharton School was approved as follows:

RESOLVED, that Frank V. Cahouet be appointed to the Board of Overseers of the Wharton School for a three-year term, effective 11 September 1987.

I. Action. A Resolution on Appointments to the Board of Advisors of the Annenberg Center was approved as follows:

RESOLVED, that Jannie L. Blackwell, Harry L. Gutman, Morton M. Kligerman and John P. LaRue be appointed to the Board of Advisors of the Annenberg Center for three-year terms, effective 11 September 1987.

J. Action. A Resolution on an Appointment to the Advisory Board of the Institute of Contemporary Art was approved as follows:

RESOLVED, that Martin Meyerson be appointed to the Advisory Board of the Institute of Contemporary Art for a three-year term, effective 11 September 1987.

Adjourned.

Respectfully submitted,

Mary Ann Meyers
Secretary of the University