A meeting of the Executive Committee was held on Friday, March 20, 1992 in the Tea room of the Faculty Club. Trustees attending included: Susan W. Catherwood; Richard J. Censits; Gloria Twine Chisum; G. Morris Dorrance; Sheldon Hackney (ex officio); Stephen J. Heyman; Donald N. Langenberg; Paul F. Miller, Jr.; John B. Neff; and Alvin V. Shoemaker. Others present included: Michael Aiken; Richard Clelland; Stephanie Desmon; Carol Farnsworth; Karen Gaines; Stephen Glass; Stephen Golding; John Gould; Shelley Green; Eileen S. Heron; David Hildebrand; Samuel Hughes; David Kaufman; You-Lee Kim; Jay Saddington; Louise Shoemaker; Larry Singer; Barbara R. Stevens; Duncan Van Dusen; and Marna Whittington.

I. Call to Order

Chairman Shoemaker called the meeting to order. The minutes of the December 13, 1991 meeting were approved as written by the secretary.

II. Chairman's Report

Chairman Shoemaker had no report.

III. Report of the President

A. President Hackney reported that Governor Casey "proposes to end the Commonwealth's long standing tradition of financial support for private higher education in Pennsylvania," which translates into a 100% reduction in Penn's Commonwealth appropriation. He said that Penn's long term strategy for dealing with this loss would be "to take 600 positions out of the cost base by 1995, slow down and re-evaluate capital projects, honor commitments for financial aid to the Class of 1996, but consider alternative approaches to financial aid if the Commonwealth appropriation is not restored, recommend an increase in tuition and fees at the previously planned level of 5.9%, and finally, and most reluctantly, recommend a projected deficit of just under $20 million for FY93 to cushion the effects of the loss of Commonwealth funding for the School of Veterinary Medicine and for student aid."

President Hackney reported that he was pleased with the response from within the campus community and said the deans and senior administrators had worked hard to develop a balanced and well reasoned strategy that would not do long term damage to the academic heart of the
university. The president emphasized that Penn "would do everything possible to convince the legislature to restore the proposed cuts." President Hackney believes "if we keep our wits about us in this time of adversity for all of American higher education, we can turn it into a period of consolidation and strong growth for Penn."

President Hackney announced the establishment on a trial basis of an electronic suggestion box in his office called PresBox. He noted that it will give faculty, staff and student electronic mail users an opportunity to anonymously express their thoughts and personal observations about Penn's problems, successes and future directions. He expressed the hope that the PresBox will evolve into an open channel of communication for the entire campus community.

B. Academic Report - Provost Aiken

1. Provost Aiken announced that Dr. Richard Clelland, who has been an "outstanding" deputy provost, and who will be retiring on June 30, 1992 will be succeeded by Dr. Walter Wales, professor of physics and associate dean of the School of Arts and Sciences, effective July 1, 1992.

Provost Aiken noted the availability, through his office, of an Affirmative Action Report for the Current Standing Faculty for 1991 and an International Programs Fact Book drafted with the aid of the Provost's Council on International Programs in response to a request from Mr. Russell Palmer, chair of the Trustees' Ad Hoc Committee on Internationalization. The Fact Book, which describes Penn's international activities, profiles Penn's international alumni and describes Penn's potential for international development activities, will be a definite help in achieving Penn's international goals.

Before requesting approval of the Resolution on Appointments, Leaves and Promotions, the provost called attention to the appointment of Dr. Norma M. Lang (page 21 of the meeting book), as Professor of Nursing in the School of Nursing and as the Margaret Bond Simon Professor effective January 1, 1992 for the period of her appointment as Dean of the School of Nursing.

2. Action. A Resolution on Appointments, Leaves and Promotions was approved as found on pages 1-23 in the meeting book.

C. Financial Report - Dr. Whittington

Dr. Marna Whittington, executive vice president of the university, stated that "as of February 29, 1992 we continue to project a general University unrestricted surplus of $25,000." She reported that on the unrestricted side, positive factors are graduate tuition, summer and special tuition, special programs and fees, indirect cost recovery on sponsored program funds and General University annual giving, and savings in salary and utility expenses. Negative factors are indirect cost recovery and other income, which is principally sales revenue. Dr. Whittington stated that the Graduate School of Fine Arts is projecting a deficit of $475,000,
and the Graduate School of Education is projecting a surplus of $1,000,000. All other schools and service centers are projected at breakeven performance. On the restricted side, endowment, grant and contract expenditures increased by 1.7% and 10.9% respectively. Gift fund expenditures decreased by 7.9%. Dr. Whittington also reported that the Hospital of the University of Pennsylvania for seven months ending January 31, 1992 had an excess of revenue over expenses of $30,397,000 which is $13,800,000 better than budget. The Clinical Practices for seven months ending January 31, 1992 showed an excess of revenues over expenses of $6,650,000 which is $3,082,000 better than budget and the Education and Development Fund balance has an increased net of $1,172,000 for the first six months ending December 31, 1991.

IV. Trustee Committee Reports

A. Academic Policy - Dr. Langenberg

Before requesting approval of the Resolution to Change the Name of the Department of Oriental Studies, Dr. Langenberg noted that the Provost had shared a great deal of material with the Academic Policy Committee to examine. The committee had concluded that the process was properly followed and that the proposed name accurately reflects the departmental activities. The committee recommended the approval of the name change.

1. Action. A Resolution to Change the Name of the Department of Oriental Studies to the Department of Asian and Middle Eastern Studies was approved as follows:

Intention:

Members of the University community asked the faculty of the Department of Oriental Studies to consider changing the department's name. A majority of the department faculty voted to change the department name to the Department of Asian and Middle Eastern Studies. The department name change has been approved by the School of Arts and Sciences Dean Rosemary A. Stevens and Provost Michael Aiken.

RESOLVED, that the name of the Department of Oriental Studies shall be and hereby is changed to the Department of Asian and Middle Eastern Studies, effective July 1, 1992.

2. Action. A Resolution to Establish a Department of Neuroscience and to Rename the Departments of Anatomy and Human Genetics was approved as follows:

Intention:

The School of Medicine intends to form a Department of Neuroscience. The new Department will be consistent with the priority for neuroscience identified by the University and the School. A Department of Neuroscience will enhance the ability to recruit and retain first-rank neuroscientists and maintain a competitive standing with other leading medical institutions. The School of Medicine also intends to change the names of two Basic Science Departments:
the Department of Anatomy to the Department of Cell and Developmental Biology; and the Department of Human Genetics to the Department of Genetics. These name changes will reflect the research directions and missions of the respective Departments more accurately.

RESOLVED, the formation of a Department of Neuroscience, renaming of the Department of Anatomy to the Department of Cell and Developmental Biology, and renaming of the Department of Human Genetics to the Department of Genetics are approved.

3. Action. A Resolution Concerning Academic Department Name Changes was approved as follows:

Intention:

The Board of Trustees deems a change in the name of an academic department unaccompanied by any significant change in the academic program(s) or membership of the department to be a part of the University’s normal ongoing administrative process, one that usually does not require formal Board approval. The Board expects that such changes will regularly be reported to the Board by the Provost. The President and Provost may, however, seek the advice and/or approval of the Board if, in their judgments, the issues underlying a departmental name change so warrant.

RESOLVED, that the Board of Trustees deems a change in the name of an academic department unaccompanied by any significant change in the academic program(s) or membership of the department to be a part of the University’s normal ongoing administrative process, one that usually does not require formal Board approval. The Board asks that in the future the Provost report to it any change in the name of an academic department which occurs as part of the University normal administrative process. The President and Provost may seek advice and/or approval of the Board if, in their judgments, the issues underlying a departmental name change so warrant.

B. Budget and Finance - Mrs. Catherwood

Mrs. Catherwood reported that the Budget and Finance committee had discussed and approved six resolutions which she recommended to the Trustees.

1. Action. A Resolution on Tuition and Fees for Academic Year 1992-1993 was approved as follows:

Intention:

The administration proposes to establish the following tuition and fees for academic year 1992-1993:
For undergraduates, the tuition and mandatory fees will total $16,838, including a general fee of $1,390, a technology fee of $250 and tuition of $15,198; for graduate students, tuition will be $16,546 and the general fee will be $1,038, totalling $17,584; for professional school students, the general fee will be $814.

RESOLVED, that for academic year 1992-1993, the undergraduate tuition and mandatory fees rate will be $16,838; that the tuition and general fees for graduate students will be $17,584; that the professional general fee will be $814; that the tuition for professional students will be determined administratively to reflect budget requirements of the various schools; and that part-time tuition and fees rates will be determined administratively and will increase proportionately.

2. Action. A Resolution on the Construction of the Biomedical Research Building I was approved as follows:

Intention:

The School of Medicine intends to construct a 182,297 gross square foot Biomedical Research Building over the existing Module 5 Chiller Plant. The building will partially respond to serious programmatic needs for the Departments of Anatomy, Biochemistry and Biophysics, Medicine (including the Institute for Aging), and Pathology and Laboratory Medicine and for a multi-disciplinary program in Human Gene Therapy. The building satisfies recruitment commitments to the Chairmen of the Departments of Biochemistry and Biophysics and Medicine and will enable the School to proceed with the recruitment of new Chairpersons for the Departments of Anatomy and Human Genetics. Architectural and engineering fees were approved by the University Trustees on March 22, 1991; relocation costs associated with the construction were approved by the University Trustees on September 19, 1991.

This project was included in the Capital Budget for Fiscal Year 1992. Total project cost is $59,733,150 and will be funded by the School of Medicine.

RESOLVED, that the costs associated with the construction of the Biomedical Research Building, estimated to cost $59,733,150, 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, proceed with such construction, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such construction as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

3. Action. A Resolution on the Purchase of NMR Structural Biology Equipment for the Chemistry Department of the School of Arts and Sciences was approved as follows:

Intention:

The University intends to upgrade and modernize the Department of Chemistry's NMR
equipment in stages over the next several years to enable the Department to become preeminent in structural biology through the use of NMR technology. This initial stage calls for the purchase of one 600 MHz NMR spectrometer, two 500 MHz consoles and one 550 MHz NMR magnet. All of the equipment will be housed in the 1973 Chemistry Wing.

This project was not included in the Capital Budget for Fiscal Year 1992; its submission at this time is the result of a special purchase opportunity. The cost of the required equipment is $1,964,000. Project costs will be paid from the Chemistry Department's operating budget, allocations from the Research Facilities Development Fund and faculty research grants.

RESOLVED, that the purchase of research equipment for the Department of Chemistry's NMR structural biology research program, estimated to cost $1,964,000, 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 proceed with such purchase, execute such contracts and incur such expenses and obligations -- not however substantially in excess of the estimated cost of such purchase as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

4. Action. A Resolution on the Relocation of the Multi-Media Education Technology Services and Facilities Management Services, School of Arts and Sciences was approved as follows:

Intention:

The repair and rehabilitation of the facade and structure of Logan Hall requires the temporary relocation of all building occupants and provides the opportunity for evaluating permanent relocations to better use available space. One of the programs in the building, the School of Arts and Sciences' Multi-Media Education Technology Services (MMETS), will move permanently to approximately 7400 net square feet of renovated space in the basement level of the David Rittenhouse Laboratory. At the same time, the School will move its Facilities Management Services operation from the basement of Bennett Hall to about 950 net square feet of space contiguous to MMETS.

The scope of work includes selected demolition of electrical, mechanical and architectural systems, construction of offices and specially equipped classrooms and media production facilities and upgrading the existing HVAC supply and distribution systems to meet University standards. A new fire safety and security system will be installed to meet City and University requirements. The existing main building entrance will be modified to create a separate fully-secured entrance for MMETS clients.

This project resulted from recent planning efforts and is not included in the Capital Budget for Fiscal Year 1992. The estimated project cost is $1,103,000. The University's Deferred Maintenance program budget for the Logan Hall Rehabilitation Project will pay for $970,640 of the project costs and the School of Arts and Sciences will pay for the balance of $132,360.
RESOLVED, that the alterations in David Rittenhouse Laboratory, for the School of Arts and Sciences' MMETS and Facilities Management programs, estimated to cost $1,103,000, 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, proceed with such design, execute such contracts and incur such expenses and obligations — not however substantially in excess of the estimated cost of such alterations as presented to the Budget and Finance Committee — as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

5. Action. A Resolution on Tax Exempt Financing for Multi-Year Facility Plan of the Hospital of the University of Pennsylvania was approved as follows:

Intention:

The Hospital of the University of Pennsylvania is currently undertaking a capital project consisting of the renovation, improvement and equipping of existing hospital facilities as described in a multi-year facility plan and as outlined in the Certificate of Need application filed by the University with the Pennsylvania Department of Health on February 6, 1992. The cost of the Project is approximately $241,400,000. The Executive Committee of the Trustees Board of the University of Pennsylvania Medical Center adopted a resolution dated February 21, 1992 requesting that the Trustees adopt a resolution declaring its intent to borrow up to $186,000,000 to fund a portion of the costs of the Project. Proceeds of such debt would be used to reimburse the University for project costs incurred prior to the issuance of such debt.

The Internal Revenue Service recently issued income tax regulations designated Section 1.103-18 (the "Regulations") which set forth rules governing the use of the proceeds of tax-exempt bonds to reimburse expenditures incurred prior to the issuance of bonds. These Regulations require that a borrower declare its intent to reimburse itself from the proceeds of such debt, that the reimbursement occur within one year after the later of the date the expenditure was paid or the date the financed property was placed in service, and that the resolution evidencing such declaration be made available for public inspection after adoption at a place where the public is permitted to inspect University documents.

The administration recommends that the Trustees adopt a resolution declaring its intent to borrow up to $186,000,000 (preferably in the form of tax-exempt bonds issued by a governmental agency for the University) to reimburse the University for a portion of the costs of this Project, subject to the later authorization by The Trustees of the financing package and terms and provisions thereof.

RESOLVED, that The Trustees of the University of Pennsylvania hereby declare its intent to authorize borrowing up to $186,000,000, to reimburse the University for a portion of the costs of the Project. This authorization is subject to the later authorization by The Trustees of the financing package and terms and provisions thereof.

FURTHER RESOLVED, that this resolution shall be deemed to be a declaration of the official intent
of the University to reimburse expenditures incurred in connection with the Project with indebtedness as contemplated by Section 1.103-18 of the Regulations.

FURTHER RESOLVED, that the Secretary is directed to make a copy of this resolution available for public inspection at the Office of the Secretary until the earlier of the date of the incurrence of debt with respect to the Project or two years after the date herewith.

6. Action. A Resolution Authorizing Refinancing of Outstanding Indebtedness was approved as follows:

Intention:

The Pennsylvania Higher Education Facilities Authority, the Hospitals and Higher Education Facilities Authority of Philadelphia and Berks County Municipal Authority have previously issued bonds on behalf of the University to finance or refinance the costs of University projects for medical and higher education purposes. Because of a decline in interest rates, it is possible that some or all of the bonds previously issued for the University by the aforementioned agencies, may be refunded to reduce University debt service costs.

Because of the volatility of the marketplace and the need to act on short notice, the administration recommends that the Trustees vest in the Bond Ad Hoc Committee (the "Bond Ad Hoc Committee") to be composed of G. Morris Dorrance, Jr., Robert A. Fox, Paul F. Miller, Jr., John B. Neff and Richard B. Worley, the power to act for the Trustees and to determine which obligations previously issued on behalf of the University should be refunded and to take all related action in connection therewith.

RESOLVED, that The Trustees of the University of Pennsylvania as provided in Section 4.01 of the Statutes hereby create for the purposes of this resolution the Bond Ad Hoc Committee of the Trustees to consist of and to be composed of G. Morris Dorrance, Jr., Robert A. Fox, Paul F. Miller, Jr., John B. Neff and Richard B. Worley with the power to act on behalf of the Trustees and the University in connection with the refinancing of any tax-exempt obligation issued by Pennsylvania Higher Education Facilities Authority, the Berks County Authority or the Hospitals and Higher Education Facilities Authority of Philadelphia prior to the date hereof, and to take all other action in connection thereto as shall be necessary to implement the intent of this resolution.

FURTHER RESOLVED, that the Vice President for Finance or Treasurer be, and either one of them is hereby authorized, if the Bond Ad Hoc Committee authorizes the refunding of particular obligations, to make application on behalf of the University to an appropriate governmental issuer with respect to the issuance of refunding bonds and to pay such fees and expenses as may be required in connection thereto.

FURTHER RESOLVED, that the Vice President for Finance or Treasurer be, and either one of them is hereby authorized at the direction of the Bond Ad Hoc Committee to negotiate and agree with the appropriate issuer and with investment bankers which they may choose or agree upon in connection
with the underwriting and sale of such indebtedness, respecting the terms and provisions of the
refunding bonds and the underwriting and sale thereof; and to approve the form and substance of
any indenture, mortgage, lease, payment agreements, security agreements, underwriting agreements,
official statements, and other documents or instruments as may be necessary or advisable; subject
however, to the further approval, confirmation or other action of the Bond Ad Hoc Committee.

Before calling for a vote, Chairman Shoemaker interjected a point of information regarding
the Resolution on Tax Exempt Financing for the Multi-Year Facility Plan of the Hospital of the
University of Pennsylvania by making it clear to the trustees that they would be voting for a
technical resolution to comply with IRS standards and not for the financing of the plan.

C. Medical Center - Mrs. Catherwood

Mrs. Catherwood had no report.

D. Investment Report - Mr. Neff

Mr. Neff referred to the Investment Report and remarked that the stock market has continued to "flounder," as evidenced by the 0.6% decline in the Standard & Poor's 500 Index (S&P) from December 31, 1991 to February 28, 1992. He attributed some of this recent under-performance to the fact that the market has been more selective regarding growth stocks which had fueled past rallies. As an example, he noted that drug stocks have declined 10% -11% year-to-date.

In contrast, the Associated Investments Fund's (AIF or the Fund) common stocks have risen 5.2% for the first two months of 1992. Two significant equity holdings which have recovered in price recently, Chrysler and Citicorp, contributed significantly to the Fund's performance. Both stocks have increased approximately 60% since December 1991. Since June 30, 1991 (the University's fiscal or NACUBO year-end), AIF common stocks have gained 16.0% versus 13.5% for the S&P.

After disappointing results in 1989 and 1990, Mr. Neff stated that he is pleased with the Fund's recent performance.

Mr. Neff noted that as of February 28, 1992, the AIF's total market value was approximately $853 million, as compared to $824 million on December 31, 1991. Mr. Neff mentioned that the moderate common stock gain was partially responsible for this increase. Because he is still a little wary of the equity market place, common stocks represent 48% of the Fund, fixed income securities 43%, cash 7% and other 2%. Mr. Neff commented that this "other" category may rise slightly as the Fund investigates alternative investment options such as distressed real estate. He believes that there are some good opportunities in this market place and the Investment Board has been looking at various externally-managed investment funds which concentrate in this area.

Mr. Neff said that the bond market has dropped significantly since calendar year end when the long bond yielded approximately 7.4%. In fact, the long bond's yield rose above 8.0% this past week. This downward price movement is reflected in the AIF's fixed income performance, which has declined 1.8% since December 31, 1991. However, Mr. Neff noted that for the fiscal year to date, the Fixed Income Fund has increased 13.6%, as compared to 10.3% for both the Lehman and
Salomon indices. He stated that the economy finally seems to be strengthening, especially in the housing and automotive areas. The residential housing market has improved due to encouraging interest rates and Mr. Neff remarked that despite recent rate increases, an 8.75% fixed rate mortgage is still much more desirable compared to 10.5% - 11.5% mortgages from a few years ago. Automotive statistics do not appear to have improved, but the sales mix has shifted to the more profitable retail segment rather than the rental car market. Mr. Neff said that the biggest challenge at this point is whether the rise in interest rates will "choke off" the economic recovery. He does not believe that it will because rates are still low on a relative basis, but he thinks that rates may drift even lower.

V. Overseer and Other Boards - Chairman Shoemaker

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

RESOLVED, that Buntzie Ellis Churchill be appointed to the Board of Overseers of the School of Dental Medicine for a three-year term, effective March 20, 1992.

B. Action. A Resolution on Appointments to the Board of Overseers of the Graduate School of Education was approved as follows:

RESOLVED, that Charles P. Pizzi and Elaine Wynn be appointed to the Board of Overseers of the Graduate School of Education for a three-year term, effective March 20, 1992.

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

RESOLVED, that Manuel Sanchez and Robert Toll be appointed to the Board of Overseers of the School of Law for a three-year term, effective March 20, 1992.

D. Action. A Resolution on Appointments to the Board of Overseers of the School of Veterinary Medicine was approved as follows:

RESOLVED, that Noah W. Kreider, Jr., Laurie J. Landeau and Elsie Sterling Howard be appointed to the Board of Overseers of the School of Veterinary Medicine for a three-year term effective March 20, 1992.

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

RESOLVED, that Stanley R. Jaffe be appointed to the Board of Overseers of the Wharton School for a three-year term, effective March 20, 1992.