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

September 17, 1993

A meeting of the Executive Committee was convened at 2:00 p.m. on Friday, September 17, 1993, in the Club Room of the Faculty Club. Trustees attending were Gloria T. Chisum, D. Michael Crow, Claire M. Fagin (ex officio), Robert A. Fox, Stephen J. Heyman, Natalie I. Koether, Donald N. Langenberg, John B. Neff, John N. Reardon, Sara S. Senior, Alvin V. Shoemaker (chairman) and Myles H. Tanenbaum. Others attending included Virginia B. Clark, Carol Farnsworth, Deborah Fickler, Karen C. Gaines, Stephen Golding, Constance C. Goodman, John W. Gould, Janet Hale, Linda S. Hyatt, Trudy J. Kuehner, Scott C. Lederman, Kim M. Morrisson, Gerald Porter, Barbara R. Stevens and Duncan W. Van Dusen.

I. Call to Order

Chairman Shoemaker called the meeting to order. The minutes of the May 21, 1993, meeting were approved as written by the secretary.

II. Chairman's Report

1. Action. A Resolution on the Election of William N. Kelley, M.D. as Executive Vice President of the University for the Medical Center and Health System was approved as follows:

Dr. William N. Kelley has served since October 1, 1989, as Executive Vice President for the Medical Center and as Dean of the School of Medicine. With the formation of the University of Pennsylvania Health System, which, in addition to the University of Pennsylvania Medical Center and the Physician Network, may include other new entities such as a Management Services Organization, a Managed Care Organization, and a different relationship to a number of community hospitals and other continuum of care opportunities, his responsibilities will expand substantially. In addition, the academic nature of the Health System is important for the recruitment and retention of outstanding primary care physicians as well as the academic excellence of the entire enterprise. In order to recognize the expanded responsibilities, Dr. Kelley’s title has been revised from Executive Vice President for the Medical Center to Executive Vice President of the University for the Medical Center and Health System. As the chief executive officer of the University of Pennsylvania Health System, he reports to the President.
of the University for administrative matters and to the Provost for academic matters.

RESOLVED, that William N. Kelley, M.D. be elected Executive Vice President of the University of Pennsylvania for the Medical Center and Health System effective July 1, 1993; and

FURTHER RESOLVED, that Dr. Kelley retain his current position as Dean of the School of Medicine in accordance with the previous Trustee resolution appointing him to this position.

2. Action. A Resolution to Establish the Trustee Board of Clinical Care Associates Size at Ten was approved as follows:

Section 4.02 of the Bylaws of the Clinical Care Associates of the University of Pennsylvania Health System (“CCA”) requires that the Board of Trustees of Clinical Care Associates shall consist of not less than seven or more than thirteen Trustees. The Executive Committee of the Health System has recommended that the number of Trustees of the Board of CCA be established at ten in order to allow for the eventual election of two physician leaders who will become employees of Clinical Care Associates, and one community representative; such Trustees to be in addition to a) the five ex-officio Trustees currently serving as Trustees of Clinical Care Associates as provided in said section 4.02, and b) two Health System Executive Committee Trustees (one of whom is to be a University Trustee), who are also to be elected as provided in said section 4.02.

The election of such physician leaders will comply with Internal Revenue Service requirements for tax-exempt entities such as Clinical Care Associates which restrict physician employee membership to 20% of the total governing board membership.

RESOLVED, that, pursuant to section 4.02 of the Bylaws of Clinical Care Associates of the University of Pennsylvania Health System, the Executive Committee hereby determines that the required membership of the Board of Trustees of Clinical Care Associates of the University of Pennsylvania Health System shall be established at ten.

3. Action. A Resolution for Filling Vacancies in the Membership of the Trustee Board of Clinical Care Associates was approved as follows:

Section 4.05 of the Bylaws of the Clinical Care Associates of the University of Pennsylvania Health System ("CCA") requires that the Chairman appoint members to the Board of Trustees of CCA to fill vacancies in the Board membership after consultation with the Chairman of the Health System Executive Committee, the President of the University, and the Chief Executive Officer of the Health System with the concurrence of the University Trustee Board.
The Chairman, after consultation with the aforementioned individuals, intends to appoint Anthony S. Minisi, Esq. and Robert J. Butera, Esq. to the Board of Trustees of CCA to join the following ex-officio members of the CCA Board, pursuant to section 4.02 of the CCA Bylaws:

Chief Executive Officer of the Health System -- William N. Kelley, M.D.;

Senior executive officer of the Health System responsible for Health services -- Wilbur B. Pittinger;

Senior financial officer of the Health System for Health Services -- John P. Wynne, Jr.;

Senior physician of the Health System responsible for Clinical Faculty -- Mark A. Kelley, M. D.

Network Executive of the Corporation -- John C.S. Kepner, Esq.

RESOLVED, after discussion and the Chairman’s consultation with the Executive Committee, that the Executive Committee concurs with the decision of the Chairman to appoint Anthony S. Minisi, Esq. and Robert J. Butera, Esq. to the Trustee Board of Clinical Care Associates.

4. Action. A Resolution on the Membership of the Trustee Board of the Health System was approved as follows:

Section 1.2.2 of the University of Pennsylvania (the "University") Health System (the "Health System") Bylaws provides that the Chairman of the Trustee Board of the Health System, the President of the University, and the Executive Vice President of the University for the Health System and Dean of the School of Medicine (the "CEO") shall consult with the Chairman of the Trustees of the University (the "Chairman") with respect to the appointment by the Chairman, with the concurrence of the Trustees of the University, of University Trustees to the Trustee Board of the Health System (pursuant to section 1.2.1 of the Health System Bylaws). Section 1.2.2 of the Health System Bylaws further provides that the Chairman of the Trustee Board of the Health System and the CEO shall consult with the President of the University with respect to the nomination (and election by the Trustees of the University) of Associate Trustees of the University (as defined in the Health System Bylaws) to the Trustee Board of the Health System (pursuant to section 1.2.1 of the Health System Bylaws).

RESOLVED, that the Trustees approve the recommendation of the Executive Committee of the Trustee Board of the Health System that the membership of the University of Pennsylvania Health System Trustee Board initially consist of the following members: Madlyn K. Abramson, Arthur K. Asbury, M.D. (Ex-officio), Samuel H. Ballam, Jr. (Emeritus), Julian S. Bers (Emeritus), E. John Black (Ex-officio), Richard P. Brown, Jr., Esq. (Emeritus), Fredric D. Burg, M.D. (Ex-officio).
5. Action. A Resolution on Designation of Agents to Vote at Meetings of the Sole Member or to Sign Consents in Writing was approved as follows:

Section 3.02 (d) of the Bylaws of the Clinical Care Associates of the University of Pennsylvania Health System stipulates that in order to vote on behalf of the University as the sole member of the Corporation, the University Executive Committee or the Health System Executive Committee (whichever is authorized to vote on the matter) may designate one or more persons as its agents to vote at meetings of the sole member or to sign consents in writing in lieu of any such meeting in accordance with its instructions.

RESOLVED, that the Executive Committee hereby designates Ms. Barbara R. Stevens, Vice President and Secretary of the University, to serve as agent for this Executive Committee; and confirms that Mr. Henry C. Williams, Secretary of the Health System Board, shall serve as agent for the Health System Executive Committee as recommended by the Health System Executive Committee at its meeting on September 13, 1993.

6. Action. Mr. Shoemaker read the following resolution:

The Trustees of the University of Pennsylvania are unequivocal in our belief that freedom of speech is a core value of our University. We support Interim President Fagin and Interim Provost Lazerson’s recent strong statement on the importance of freedom of speech and freedom of the press and their stand that the confiscation of any publication on campus is wrong and will not be tolerated. In light of our convictions, many of us are not comfortable that charges against those students who confiscated the Daily Pennsylvanian were dropped and agree that all members of the University community from this time forward must be treated equally. At the
same time, we understand it is time for Penn to put the events of the spring behind us.

The new administration, with the Trustees’ complete support, has initiated a review of University policies and procedures and the recent management of those policies. We look forward to reviewing the results to ensure that the University’s policies and procedures reflect our views as to the fundamental importance of freedom of speech and equal treatment of all University citizens, and to ensure that those responsible for their administration are held accountable for their actions. Penn is a great University, and we will accept no less.

The resolution was approved upon motion duly made and seconded.

III. President's Report - Dr. Fagin

A. Comments

Interim President Claire M. Fagin reported that the academic year was off to a terrific start:

**Class of 1997.** The 2,470-member Class of 1997 is exceptionally bright, energetic and engaged, as is demonstrated by their wonderful participation in the Freshman Reading Project (Mary Shelley’s *Frankenstein*) and the "Into the Streets" community service program. The Class represents 50 countries and 43 states. Forty-five percent of the class are women and one third minorities. Twelve percent are alumni children, 113 are Philadelphians, and 432 are from Pennsylvania. Sixty-one percent attended public schools, and the average SAT score is 1298. One hundred thirty-nine of the students have been named Benjamin Franklin Scholars, a special honors program that incorporates research opportunities, and 25 have been named University Scholars and will combine graduate work and research with their undergraduate studies. Twenty percent were presidents of their high schools’ student councils, 9% were editors of their high school newspaper, and 35% are star athletes (of whom 17 are of world-class or Olympic-potential caliber), and 23% have musical or performing arts talents. Two hundred of the students worked more than half time while in high school, 18 have already operated their own businesses, and one has submitted scripts for *Star Trek The Next Generation*. In short, the class is extraordinary in its quality and diversity as well as in its size. The high quality of the students is matched by the quality of Penn’s new faculty, many of whom Dr. Fagin had personally welcomed to the University at an orientation for them held by the Provost and at a reception at the President’s House.

**Daily Pennsylvanian Confiscation.** Dr. Fagin reported that, as was well known, the disciplinary case arising from last spring’s student confiscation of copies of *The Daily Pennsylvanian* has been resolved. The Special Judicial Inquiry Officer, Prof. Howard Arnold of the School of Social Work, who was appointed by the Provost over the summer, submitted a report finding that the students had violated the University’s policy banning confiscations, but he recommended that no further action be taken against them in hopes that a dialogue between African-American students and the DP can resolve their dispute. He also recommended a series of educational initiatives on the part of the University. Drs. Fagin and Lazerson accepted his
recommendations so that Penn could put this issue behind it and to encourage everyone to get on
with the educational mission of the University. Dr. Fagin stressed that, as she and Dr. Lazerson
made very clear both in their Joint Statement and in their many other statements to the press and
other constituencies, future violations of the policy will not be tolerated: taking newspapers is
wrong, and the policy banning confiscation will be widely disseminated to students. The
University will also continue to (1) encourage a dialogue between the DP and the African-
American students; (2) undertake a series of forums and discussions this year to educate students
regarding issues of free speech and freedom of the press; and (3) devote resources to making
dialogue and mediation the first resort in the resolution of campus disputes.

The Commission on Strengthening the Community  The Commission, which is being
chaired by Gloria Chisum, has begun its work. Student and staff representatives have been added
to it and subcommittees formed. The Commission will be using innovative techniques such as
electronic polling and town meetings, the first of which will be held on October 4th, hosted by
Drs. Fagin and Lazerson and including the Commission chair and staff and students representing
15-20 campus organizations. Dr. Fagin expressed special thanks to Gloria Chisum for her
dedicated service to the entire University community in leading this effort.

Libraries. Dr. Fagin congratulated the University Libraries and Vice Provost for Libraries
Paul Mosher on the Libraries’ four millionth "acquisition." The quality and size of a research
university library’s holdings remains one of the standard measures of its greatness, and Penn’s
holdings are indeed great. Dr. Fagin added that the fact that she was speaking of "acquisitions"
rather than of “books" or "volumes" shows just how rapidly Penn is moving into a new era of
electronic and multimedia resources. The ways in which faculty and students access and utilize
information are changing dramatically, and Penn is keeping pace with this revolution and making
the electronic campus a reality, particularly with the completion over the summer of the first
phase of the ResNet dormitory wiring project for video and computing. The Penn Libraries and
their four million holdings are at the center of that dynamic academic network.

Searches. Dr. Fagin noted that there are five major searches currently underway at Penn,
for a President, a Provost, a Dean of the School Veterinary Medicine, an Athletic Director, a
Director of University Museum, and, newest of the searches, one for a Director of Affirmative
Action, to replace Joann Mitchell, who is leaving Penn after seven years in that position to
become Associate Provost at Princeton University. Dr. Fagin noted Penn’s appreciation for all
Ms. Mitchell has done and that she will be missed.

Center for Judaic Studies. One of the first events of the new academic year will be the
October 4-5th dinner and symposium marking merging of Annenberg Research Institute into
Penn’s School of Arts and Sciences to form the Center for Judaic Studies. Penn is now home to
the largest inter-disciplinary research center in Judaic Studies outside of Israel. The new center is
the product of the merger formalized on July 1, 1993 between Penn and the formerly-
independent Annenberg Institute, the successor to Dropsie College, and was facilitated by the
generous support of the Annenberg Foundation.

Dr. Fagin concluded that this would be a year of looking forward, not backward. Penn is
in a challenging, yet exciting, time. Steps are being taken to heal the community, and Penn can
look forward to a bright future. The accomplishments since the Committee’s last meeting have
been prodigious. Dr. Fagin stressed the importance of not losing sight of what's right about Penn and its many strengths, resources and achievements.

1. **Action.** A Resolution on the Naming of Nicole E. Tanenbaum Hall, Owen J. Roberts Hall and George Wharton Pepper Hall was approved as follows:

The Law School wishes to name its new law library building on Sansom Street between 34th and 36th Streets Nicole E. Tanenbaum Hall, in memory of the daughter of University Trustee and Law School Overseer Myles H. Tanenbaum (W'52, L'57) and his wife, Roberta.

In addition, the Law School wishes to name the Sansom and Chestnut Street wings added to the Law School Building in 1965 “Owen J. Roberts Hall” and “George Wharton Pepper Hall,” respectively, in view of the 1991 demolition of the law dormitories formerly on the library site, which dormitories had been named in honor of Justice Owen J. Roberts (C'95, L'98) and Sen. George Wharton Pepper (C'87, L'89 and H'09).

RESOLVED, that the new law library building be named Nicole E. Tanenbaum Hall and that the Sansom and Chestnut Street wings of the Law School building be named Owen J. Roberts Hall and George Wharton Pepper Hall, respectively.

B. **Academic Report - Interim Provost Lazerson**

1. **Comments**

**Searches.** *Veterinary.* Dr. Lazerson reported that he was reviewing with the School of Veterinary Medicine and with the Faculty Senate leadership names of several faculty who are being considered for the Acting Deanship, and he anticipates naming that individual before the month is over. The establishment of a search committee for the Dean of the School should also be completed within a month.

**Athletic Director.** The process of establishing a search committee for a new Athletic Director has begun, and Dr. Lazerson hopes to be able to make a formal announcement about the committee next week.

**University Museum.** The search for a Director is well underway and proceeding on schedule.

**Undergraduate Visiting Committee.** The external Undergraduate Education Visiting Committee chaired by Pat McPherson, President of Bryn Mawr College, and composed of 14 educators from across the nation, will be returning to the campus in October to continue to discuss with our faculty and students issues relating to undergraduate education at Penn.

**Faculty Honors.** Dr. Jerry Johnson, Associate Professor of Medicine, has been awarded a $1.5 million grant to establish a Center of Excellence at the School of Medicine to focus on minority health issues. The Center will provide resources for the School of
Medicine to train minority physicians and stimulate research on minority health care issues. **Dr. Eliot Stellar**, Provost Emeritus and current chair of the Department of Cell and Developmental Biology, was honored recently by the American Psychological Foundation, which accorded him its Gold Medal for Life Achievement in Psychological Sciences in recognition of his lifetime of dedication to the field of physiological psychiatry.

2. **Action.** The Resolution on Appointments, Leaves, and Promotions printed at pp. 7-24 of the meeting book was approved.

C. **Financial Report - Ms. Hale**

Ms. Hale presented a report on the finances of the University, the Hospital and the Clinical Practices as of June 30, 1993. The University ended fiscal 1993 with an excess of revenues over expenditures of $28,000 after the approved, budgeted discretionary allocations to the Research Fund of $1,300,000 and to the Capital Campaign of $600,000, and after the budgeted, mandated Graduate Hospital deficit amortization of $97,000. In June 1993 the Commonwealth restored $21.7 million of Penn’s appropriation, representing 60% of the fiscal 1992 appropriation. This appropriation permitted Penn to revise the original budgeted deficit of $19.5 to a breakeven budget. The University will have audited financial statements in hand in early October, and these will be provided to the Executive Committee by early December.

On the unrestricted side, positive factors were graduate tuition, summer and special tuition, special program and fee revenues, indirect cost recovery, investment income, General University annual giving and savings in salary and utility expense. Negative factors were sales revenue, non-guaranteed student aid, General University Tuition, and several other expense categories.

As to the unrestricted performance of the schools and centers, the School of Veterinary Medicine ended the year with a deficit of $192,000, the Graduate School of Fine Arts with a deficit of $190,000 and the Annenberg Center with a deficit of $187,000. The Graduate School of Education ended the year with a surplus of $852,000 and the School of Social Work ended the year with a net surplus of $281,000. All other schools and centers broke even.

On the restricted side, endowment and grant and contract fund expenditures increased by 5.9% and 4.5%, respectively. Gift fund expenditures decreased 2.4%. The amount available at June 30, 1993, for grant and contract expenditures is 12.8% more than at June 30, 1992. Months of expendable awards are 7.9% more than at June 30, 1992.

Statements for the Hospital of the University of Pennsylvania and statements for the Clinical Practices of the University of Pennsylvania are on an unconsolidated basis for the twelve months ended June 30, 1993; CPUP’s include FY 1993 Education and Development Fund activity. HUP’s excess of revenue over expenses was $66.3 million better than budget and CPUP’s was $12.2 million better than budget for that period.

IV. **Trustee Committee Reports**

A. **Budget and Finance - Mr. Fox**

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1. **Action.** A Resolution on the Leasing of Space in One First Avenue, Conshohocken, Pennsylvania was approved as follows:

The Trustees of the University of Pennsylvania have formed the University of Pennsylvania Health System, and it is intended that the Health System will occupy space at One First Avenue in Conshohocken, Pennsylvania. The space which it intends to occupy is a portion of space which is currently under lease to and was until recently occupied by Miller, Mason & Dickenson. The first year of occupancy of the space will be under a sublease from Miller, Mason & Dickenson; thereafter, the occupancy of the space will be pursuant to a lease with the building's owners. The Trustees of the University of Pennsylvania will enter into the Sublease and the Lease as the tenant under each and will thereafter assign or sublease space to Clinical Care Associates, the component of the Health System responsible for developing the Primary Care Physician Network.

The space to be leased is 9,800 square feet which is all of the Fourth Floor of the building for a term beginning November 1, 1993 and ending October 31, 1998 and approximately 7,055 square feet on the Third Floor for a term beginning November 1, 1994 and ending October 31, 1998. Initial lease costs will be approximately $13.45 per square foot ($9.75 rent; $3.70 operating expenses). Estimated total lease costs for the above terms will be $1,375,000.

RESOLVED, that the Executive Vice President, Treasurer and any other officer of The Trustees of the University of Pennsylvania ("Trustees") are authorized, empowered and directed to execute and deliver a sublease between Miller, Mason & Dickenson or its agent, as sublandlord, and the Trustees, as subtenant, for the entire fourth floor and portions of the third floor of One First Avenue, Conshohocken, Pennsylvania on substantially the terms and conditions described above.

FURTHER RESOLVED, that the Executive Vice President, Treasurer and any other officer of The Trustees are authorized, empowered and directed to execute and deliver a lease between PVI Associates, agent, as landlord, and The Trustees, as tenant, for the entire fourth floor and portions of the third floor of One First Avenue, Conshohocken, Pennsylvania on substantially the terms and conditions described above.

FURTHER RESOLVED, that the Treasurer is authorized and empowered to make such changes to the terms and conditions of the sublease and/or lease as he deems necessary, desirable or appropriate in the exercise of his reasonable business judgment.

FURTHER RESOLVED, that the Executive Vice President, the Treasurer and any other officer of the Trustees are authorized and empowered to execute and deliver such other documents and to take such other action as they deem necessary or desirable or appropriate in the exercise of their reasonable business judgment to
effect the transactions contemplated herein, including without limitation, executing and delivering an assignment or sublease of the One First Avenue space to Clinical Care Associates.

2. **Action.** A Resolution on the Acquisition of 3929 Walnut Street was approved as follows:

By Deed dated April 1, 1993, the University acquired certain premises located at 3929 Walnut Street, Philadelphia, Pennsylvania ("Premises"), as a donation from Mrs. Elaine Breslow, in consideration for which the University agreed to provide Mrs. Breslow with two lifetime gift annuities. One gift annuity began on April 1, 1993 for $55,000 annually and the other is for $10,000 annually deferred 15 years. The present value of the annuities net of all anticipated rental payments under an existing space lease, is Four Hundred Seven Thousand Five Hundred and Ninety-Seven Dollars ($407,597.00). The purpose of this Resolution is to ratify and confirm the acquisition of the Premises and the execution and delivery of the gift annuity agreements.

RESOLVED, that the Trustees ratify and confirm the acceptance of the donation of 3929 Walnut Street, Philadelphia, Pennsylvania from Mrs. Elaine Breslow, subject to the existing space lease with Galaxy Amusement Centers, Inc.

FURTHER RESOLVED, that the Trustees ratify and confirm the execution and delivery by the Treasurer of the University of two gift annuity agreements by and between the University and Mrs. Breslow, dated as of April 1, 1993, the first providing for a lifetime annual payment of Fifty-Five Thousand Dollars ($55,000.00), and the second providing for an annual payment of Ten Thousand Dollars ($10,000.00) beginning on June 30, 2008 and continuing for Mrs. Breslow's lifetime.

3. **Action.** A Resolution on Renovations to the Second, Third and Fourth Floors of the Richards Building for the Department of Physiology, School of Medicine was approved as follows:

The School of Medicine proposes to renovate approximately 3,382 net square feet of space on the second, third and fourth floors of the Richards Building to provide modern biomedical research laboratories for the Department of Physiology. The project consists of rooms B201, B206, A302, A304, A306 and the entire fourth floor of the A tower. This project, which is included in the Capital Budget for Fiscal Year 1994, is estimated to cost $737,000 and will be funded by the School of Medicine.

RESOLVED, that the renovations to the second, third and fourth floors of the Richards Building, for the Department of Physiology, estimated to cost $737,000, 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 renovations, execute such contracts, and
incure such expenses and obligations -- not, however, substantially in excess of the estimated cost of such renovations 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 Construction of a Nuclear Magnetic Resonance Facility in the Basement of Chemistry 1973 Building for the Department of Chemistry, School of Arts and Sciences, was approved as follows:

The School of Arts and Sciences proposes to construct a nuclear magnetic resonance facility for the Department of Chemistry to support the University's research in structural biology. The facility, to be located in the basement of the Chemistry 1973 Building, will house a new 750 Mhz magnet system in addition to three lower powered magnets. The project, which is included in the Capital Budget for Fiscal Year 1994, is estimated to cost approximately $1,090,000 and will be funded by project funding sources.

RESOLVED, that the construction of a nuclear magnetic resonance facility in the basement of the Chemistry 1973 Building for the Department of Chemistry, estimated to cost $1,090,000, be and the same hereby is approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, 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.

5. **Action.** A Resolution on the Exterior Rehabilitation of the White Training House, Phase I, was approved as follows:

The University proposes to begin exterior rehabilitation of the White Training House. Phase I of the rehabilitation includes reconstruction and restoration of masonry walls, replacement of windows, and other related repairs. This phase is estimated to cost $1,099,400 and will be funded by the University's deferred maintenance budget.

RESOLVED, that Phase I of the exterior rehabilitation of the White Training House, estimated to cost $1,099,400, 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, proceed with such rehabilitation, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such rehabilitation as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

**B. Investment Report - Mr. Neff**
Mr. Neff reported that the total market value of the University's Associated Investments Fund (AIF) at September 9, 1993, was $1.074 billion, which is in part a tribute to the favorable equity market but also was helped by a good bond market. Since December 31, 1992, common stocks increased 21.8% versus 7% for Standard & Poors, an almost 15-point differential which figures prominently in Penn’s overall asset increase.

The total return performance of the Fixed Income Fund from December 31, 1992 through August 31, 1993 was 12.8%, compared to 11.0% for the Lehman Bros. Government/Corporate Index and 9.5% for the Salomon Bros.

Since December 31, 1979, the annualized total return of the AIF common stocks is 19.4%, compared to 15.6% for the S&P 500, and so the University is nearly back to the 400-basis point edge over the market that it seeks to maintain.

Mr. Neff remarked that notwithstanding the upswing in the market that the press has heralded for this year, the 7% market increase since 1992 is in fact far from spectacular. Mr. Neff characterizes the economy as “hardly boiling but moving along at a moderate rate.”

At September 9th cash and cash equivalents represented 9% of the AIF, fixed income securities 40%, common stocks 48%, and other investments 3% (real estate, venture capital, distressed obligations and residual assets). The University has reduced the maturity of some of its fixed income investments and is proceeding warily, mindful of preserving its principal.
C. Health System - Mr. Tanenbaum

Mr. Tanenbaum reported that the Medical Center has launched an extensive advertising campaign to create an appropriate image for the newly named Health System of the University of Pennsylvania. High-grade advertisements that emphasize qualitative aspects of the Medical Center have been heavily distributed to some of the better-seen regional TV channels and radio stations. Mr. Tanenbaum noted that the Medical Center was the last of the local health care systems to advertise at this level.

The Health System has been in a very active period from its July 1st inauguration. Over 200 primary care physicians have contacted or been contacted by the Health System with respect to affiliating via acquisition or some other means, and all is proceeding as planned. The Health System plans to be ready to fit into whatever federal health care legislation is introduced next year.

V. Overseer and Other Boards

The following resolutions on appointments to overseer and other boards were approved upon motion duly made and seconded:

RESOLVED, that Claudia Cohen, Harry P. Kamen and Alice Tung King be appointed to the Board of Overseers of the School of Arts and Sciences for three-year terms, effective September 17, 1993.

RESOLVED, that Diane N. Weiss should be appointed to the Board of Overseers of the Graduate School of Fine Arts for a three-year term, effective September 17, 1993.

RESOLVED, that Lucy Durr Hackney be appointed to the Board of Overseers of the School of Nursing for a three-year term, effective September 17, 1993.

RESOLVED, that Robert M. Baylis, Ellen Arnold Groff and Douglas C. Walker be appointed to the Board of Overseers of the University Museum for three-year terms, effective September 17, 1993.

RESOLVED, that Lewis E. Platt be appointed to the Board of Overseers of the Wharton School for a three-year term, effective September 17, 1993.

RESOLVED, that James S. Riepe be appointed to the Health System Executive Committee, effective September 17, 1993.

RESOLVED, that Robert J. Butera be appointed to the Health System Trustee Board, effective September 17, 1993.

RESOLVED, that Herbert D. Katz, Audrey Stein Merves, David B. Ruderman and Jeffrey H. Tigay be appointed to the Board of Overseers of the Center for Judaic Studies: Classical and Modern for three-year terms, effective September 17, 1993.
RESOLVED, that Gail Irwin and Jane F. Korman be appointed to, and F. Otto Haas be named Chairman Emeritus of, the Board of Managers of the Morris Arboretum, effective September 17, 1993.

RESOLVED, that Robert M. Landis, Esq. be appointed to the Board of Trustees of the University of Pennsylvania Press for a three-year term, effective September 17, 1993.
There being no further business to come before the meeting, it was adjourned.

Respectfully submitted,

Barbara R. Stevens
Vice President and
Secretary of the University