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

May 13, 1994

A meeting of the Executive Committee was convened at 2:15 p.m. on Friday, May 13, 1994, in the Ivy Room of the Penn Tower Hotel. Trustees attending were Christopher H. Browne, Susan Catherwood, D. Michael Crow, Claire M. Fagin (ex officio), Stephen J. Heyman, Paul Miller, John B. Neff, John N. Reardon, James S. Riepe, Alvin V. Shoemaker (chairman) and Saul P. Steinberg. Others attending included Barbara Beck, Virginia B. Clark, Constance C. Goodman, John W. Gould, Shelley Z. Green, Janet Hale, Samuel Hughes, Linda S. Hyatt, William N. Kelley, William Kissick, Trudy J. Kuehner, Alice Nelson, Stephen P. Steinberg, Barbara R. Stevens and Duncan W. Van Dusen.

I. Call to Order

Chairman Shoemaker called the meeting to order. The minutes of the April 22, 1994, meeting were approved as written by the secretary.

II. President's Report - Interim President Fagin

A. Comments

Commission on Strengthening the Community. Dr. Fagin reported that, as she had indicated in her report to the trustees in April, the administration has made rapid progress in beginning across-the-board implementation of the recommendations contained in the Commission’s final report. A detailed description of the administration’s plans for short and long-term action on this agenda has been published in the Almanac.

Dr. Fagin noted that among the most important of the Commission’s recommendations are those regarding speech and civility on campus. She will shortly receive from the Provost his recommendation regarding final action on the proposed Code of Student Conduct, a draft of which has been published in the Almanac. Dr. Fagin noted that although she expects to make some changes in the final version of the Code, the draft provided by the student-faculty committee will allow her to promulgate an appropriate and largely student-drafted code of conduct before she leaves office.

Dr. Fagin also reported that the administration is moving ahead with a model 21st century residential house for next fall, whereby students can choose on a purely voluntary basis to become part of a pluralistic residence that will also house a Technology Living-Learning Program.

Judicial System. Dr. Fagin reported that a new judicial system and a new code of academic integrity will be finished in the fall and presented to the schools for final action.

Locust Walk. Dr. Fagin reported that the administration has made significant strides in diversifying Locust Walk, particularly with the addition of the Women’s Center. It is intended that a highly visible academic program will be housed there. Additionally, in September a new
coffeehouse will be opened in the University Bookstore to provide a much needed gathering place for all members of the Penn community on Locust Walk.

**Searches.** Dr. Fagin reported that the President's office is actively searching for the a new Executive Director of the Office of Affirmative Action who will work with a senior member of the Provost's staff, with Human Resources, and with the undergraduate and graduate student recruitment programs to advance Penn's affirmative action goals. A search is also underway to find a successor to Dr. Allen Green as Director of the African-American Resource Center as Dr. Green leaves Penn to become Dean of the College at Wesleyan.

Dr. Fagin concluded by noting that her report at the June meeting will summarize all of the achievements of the past year.

**Academic Report.** Presenting Dr. Lazerson's report for him in his absence, Dr. Fagin reported that four members of the faculty had been named Guggenheim Fellows - Pierre Jalbert, Lecturer in the Department of Music; John W. Roberts, Associate Professor of Folklore and Folklife; Magreta De Grazia, Associate Professor of English; and Paul Steinhardt, Professor of Physics.

1. **Action.** A Resolution on the Appointment of Jeremy Sabloff as Director of the University of Pennsylvania Museum of Archaeology and Anthropology was approved as follows:

   RESOLVED, that Jeremy Sabloff be appointed Director of the University of Pennsylvania Museum of Archaeology and Anthropology, effective July 1, 1994.

2. **Action.** The Resolution on Appointments and Promotions provided at pp. 2-5 of the meeting book was approved.

**B. Financial Report - Ms. Hale**

Ms. Hale reported that as of April 30, 1994, the University is projecting a surplus of $25,000. This is after the budgeted, discretionary allocations to the Research Fund of $1.3 million and the budgeted, mandated Graduate Hospital deficit amortization of $97,000.

On the unrestricted side, positive factors are graduate tuition, summer and special tuition, indirect cost recovery, and savings in salary, direct centers' current expense and utility expense. Negative factors are sales revenue, gift income, special program and fee revenue, General University tuition, temporary investment fund income and several other expense categories.

As to unrestricted performance at the schools and centers, the Annenberg Center is projected with a deficit of $225,000. The Graduate School of Education is projected with a net surplus of $100,000 and the School of Social Work with a net surplus of $250,000. All other schools and centers are projected at breakeven performance.

On the restricted side, endowment, gift and grant and contract expenditures increased by 11.1%, 12.7% and 6.8%, respectively. The amount available at April 30, 1994, for grant and contract expenditures is 5.4% more than at April 30, 1993. Months of expendable awards are 1.2% less than at April 30, 1993.

Statements for the Hospital of the University and the Clinical Practices of the University are for the nine months ended March 31, 1994. HUP's excess of revenue over expenses was $87.3 million, $43.9 million better than budget, and CPUP's was $3.7 million, $67,000 better than budget for that period.
C. Health System - Dr. Kelley

Dr. Kelley reported that Ms. Martha March will be joining the Health System to head its new managed care organization. In this position she will assume much of the responsibility for developing the Health System. She has served for the past eight years as president and CEO of a multi-state health maintenance organization headquartered in New Hampshire with some 80,000 enrollees and annual revenues of in excess of $100 million.

Dr. Kelley also noted that the trustees would have before them at this meeting a resolution on the establishment of a Department of Family Practice and Community Medicine, and that this Department would be very important to the Health System.

III. Trustee Committee Reports

A. Academic Policy - Mr. Crow

1. Action. A Resolution on the Establishment of a Department of Family Practice and Community Medicine was approved as follows:

The Medical Center proposes the establishment of a Department of Family Practice and Community Medicine both in response to the national mandate on health care and increasing student interest in pursuing careers in family medicine and because an academic department of family medicine could be of significant help to the developing health system: much of the physician-managed care expertise in Philadelphia resides with family medicine. Currently there are 400 family medicine residency programs in the United States, with Penn being one of a handful of medical centers not having a department. Penn has considerable strength in health care policy and health care services research, and its departments of medicine, obstetrics and gynecology, and pediatrics, which have a strong commitment to training in primary care, would serve as full partners in developing and implementing the required residency program. There is substantial funding for development of family practice programs both at the undergraduate and postgraduate medical education levels. Additionally, the Medical Center is prepared to furnish the resources needed to enable the Department to recruit a core faculty and to develop the medical school curriculum and research fellowship program.

RESOLVED, that in accordance with a proposal endorsed by the Standing Committee of the School of Medicine Department Chairs and the Chief Executive Officer of the Medical Center, the Trustee Board of the University of Pennsylvania Medical Center, and the Trustees’ Academic Policy Committee, an academic Department of Family Practice and Community Medicine be established in the University of Pennsylvania School of Medicine, effective July 1, 1994.

2. Action. A Resolution on Establishment of a Department of Real Estate was approved as follows:

The Wharton School proposes the conversion of its Real Estate Unit into the Department of Real Estate. A real estate major was first offered in 1986 that was co-managed by two departments and headed by a rotating chair. Because this structure proved unworkable, the current unit was established in 1990 as the first step in possibly establishing a department in this area. There are eleven faculty associated with the unit, all but two being from Wharton; four of the faculty have offices in a dedicated space in Lauder-Fischer Hall. Over 1,000 courses are offered, with the majority of them cross-listed with other departments. Approximately 30 students a
year major in real estate. There is an associated research center that supports the educational mission of the unit through assistance in curriculum development, funding for special non-credit seminars, career counseling and student placement support. For the past four years, the U. S. News and World Report survey of business schools has ranked the Wharton Real Estate Program as number one in the field. While the unit maintains its own budget, separate administrative structure and curriculum, the current faculty have their primary appointments in other departments. Departmental status will enable it to hire or promote its own people and to decide its own salaries. The decision to establish a department would signal Wharton’s commitment both to the faculty connected to the unit and key external supporters and would enhance funding efforts.

RESOLVED, that in accordance with a proposal endorsed by the Dean’s Advisory Council and faculty chairs of the Wharton School, the faculty of the Wharton School, the Dean of the Wharton School, and the Trustees’ Academic Policy Committee, the Real Estate Unit in The Wharton School be converted to the Department of Real Estate, effective July 1, 1994.

B. Budget and Finance - Mrs. Catherwood

Mrs. Catherwood reported that at its meeting held that morning the Budget and Finance Committee had reviewed financial reports for fiscal year 1994 to date (through April 30, 1994 for the University and through March 31, 1994 for HUP and CPUP) and discussed the following resolutions, which were accordingly presented to the Executive Committee for approval:

1. Action. A Resolution on the Acquisition of University City Family Medicine was approved as follows:

Management of Clinical Care Associates of the University of Pennsylvania Health System ("CCA") proposes to cause CCA to acquire University City Family Medicine, a physician family medicine practice in the immediate service area of the University of Pennsylvania Medical Center.

The Board of CCA and The Trustees of the University of Pennsylvania, as sole member of CCA, have adopted a Primary Care Practice Acquisition Approval Process establishing a policy on the required approval process for primary care physician practice acquisitions by CCA. In accordance with such policy, the acquisition of University City Family Medicine requires approval of the CCA Board, the University of Pennsylvania Health System Trustee Executive Committee, the Budget and Finance Committee of the University of Pennsylvania Trustee Board, and the Executive Committee of the University of Pennsylvania Trustee Board. The CCA Board and the University of Pennsylvania Health System Trustee Executive Committee have approved the acquisition.

RESOLVED, that CCA is hereby authorized to acquire University City Family Medicine, in accordance with the Primary Care Practice Acquisition Approval Process, and to negotiate, execute, deliver and perform definitive agreements regarding such transaction, with such additional terms and changes as the Senior Executive and the Network Executive and each of them considers appropriate and in the best interest of CCA; and

FURTHER RESOLVED, that the Senior Executive and the Network Executive and each of them is hereby authorized, in the name and on behalf of CCA, to take such
further action and to negotiate, execute, deliver and perform such agreements and additional documents, consents, certificates and instruments as such officer may determine to be necessary, appropriate or desirable to carry out the purposes of the foregoing resolutions, such determination to be conclusively evidenced by the taking of such action or the execution of such documents.

2. **Action.** A Resolution on the Acquisition of West Chester Family Medicine was approved as follows:

Management of Clinical Care Associates of the University of Pennsylvania Health System ("CCA") proposes to cause CCA to acquire West Chester Family Medicine, a physician family medicine practice in Chester County, Pennsylvania.

The Board of CCA and The Trustees of the University of Pennsylvania, as sole member of CCA, have adopted a Primary Care Practice Acquisition Approval Process establishing a policy on the required approval process for primary care physician practice acquisitions by CCA. In accordance with such policy, the acquisition of West Chester Family Medicine requires approval of the CCA Board, the University of Pennsylvania Health System Trustee Executive Committee, the Budget and Finance Committee of the University of Pennsylvania Trustee Board, and the Executive Committee of the University of Pennsylvania Trustee Board. The CCA Board and the University of Pennsylvania Health System Trustee Executive Committee have approved the acquisition.

RESOLVED, that CCA is hereby authorized to acquire West Chester Family Medicine, in accordance with the Primary Care Practice Acquisition Approval Process, and to negotiate, execute, deliver and perform definitive agreements regarding such transaction, with such additional terms and changes as the Senior Executive and the Network Executive and each of them considers appropriate and in the best interest of CCA; and

FURTHER RESOLVED, that the Senior Executive and the Network Executive and each of them is hereby authorized, in the name and on behalf of CCA, to take such further action and to negotiate, execute, deliver and perform such agreements and additional documents, consents, certificates and instruments as such officer may determine to be necessary, appropriate or desirable to carry out the purposes of the foregoing resolutions, such determination to be conclusively evidenced by the taking of such action or the execution of such documents.

3. **Action.** A Resolution on Architectural and Engineering Fees for the Second and Third Floors of the Johnson Pavilion for the Department of Microbiology, School of Medicine, was approved as follows:

The School of Medicine proposes to renovate the second and third floors of the Johnson Pavilion to provide modern and adequate research facilities for the Department of Microbiology. Architectural and engineering fees associated with the renovations are estimated to cost approximately $789,400 based on bids and will be funded by the School of Medicine.

RESOLVED, that architectural and engineering fees for the second and third floors of the Johnson Pavilion, estimated to cost $789,400, 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 work, execute such contracts, and incur such expenses and obligations -- not,
However, substantially in excess of the estimated cost of such fees 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 Renovations to the Second Floor of the John Morgan Building for the Department of Pathology and Laboratory Medicine, School of Medicine, was approved as follows:

The School of Medicine proposes to renovate approximately 4,300 net square feet of space on the second floor of the John Morgan Building (rooms 269A to 280). The renovations will provide modern research laboratories for the Department of Pathology and Laboratory Medicine's immunology program. The estimated total project cost based on bids is $1,701,400 and will be funded by the School of Medicine.

RESOLVED, that renovations to the second floor of the John Morgan Building, estimated to cost $1,701,400, 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 incur 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.

5. Action. A Resolution on Mechanical Systems Upgrade for the Moore School Building for the School Of Engineering and Applied Science was approved as follows:

The University proposes to build a new central HVAC system for the Moore School Building. This building is presently heated with its original antiquated steam heating system, and is cooled by a variety of inefficient window air conditioning units; these systems contribute to a variety of ventilation problems and energy inefficiencies within the building. The new system will reduce operating and maintenance costs, correct indoor air quality problems, improve the quality of research and instructional space, and facilitate future renovations. The estimated cost of the mechanical system upgrade is $1,600,000 and will be funded by project funding sources.

RESOLVED, that the Moore School Building mechanical systems upgrade, estimated to cost $1,600,000, 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 upgrade, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such upgrade as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

6. Action. A Resolution on the Purchase of an X-Ray Generator and Imaging System for the Department of Chemistry, School of Arts and Sciences, was approved as follows:

The School of Arts and Sciences proposes to purchase an x-ray generator and imaging system for the Department of Chemistry to support its research program in structural biology. This instrumentation is estimated to cost $322,000 and will be funded by the School of Arts and Sciences.
RESOLVED, that the purchase of x-ray equipment for the Department of Chemistry, estimated to cost $322,000, 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 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.

7. Action. A Resolution on Renovations to Convert 3831-33 Walnut Street into a Chapter House for the Sigma Delta Tau Sorority was approved as follows:

The University proposes to convert the twin buildings at 3831-33 Walnut Street into a chapter house for the Sigma Delta Tau sorority. The scope of work includes providing sleeping, social, study and eating facilities in the existing building. The estimated cost of the renovations is $1,814,700 and will be funded by project funding sources.

RESOLVED, that the conversion of 3831-33 Walnut Street into a chapter house for the Sigma Delta Tau sorority, estimated to cost $1,814,700, 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 renovations, execute such contracts, and incur 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.

8. Action. A Resolution on the Classroom Improvement Program, Phase III, was approved as follows:

The University has established a program to repair and rehabilitate some of the heavily used classrooms on campus. Phases I and II of this program were completed over the past two years. Phase III will continue the program in selected classrooms in Leidy Laboratories, Jaffe Building and Meyerson Hall. The estimated cost of this phase of the classroom repair and rehabilitation program is $1,000,000, and will be funded by project funding sources.

RESOLVED, that the repair and rehabilitation of classrooms in Leidy Laboratories, Jaffe Building and Meyerson Hall, Phase III of the Classroom Improvement Program, estimated to cost $1,000,000, be and the same hereby is approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, proceed with such work, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such repair and 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.

9. Action. A Resolution on the Installation of Sprinklers in the Franklin Building was approved as follows:

The Philadelphia Fire Code was amended recently to require the installation of sprinklers in all non-residential high-rise buildings. The University has reached
an agreement with the City to sprinkler one of its five non-residential high rise buildings each year over the next five years. The Franklin Building is scheduled to have sprinklers installed this year. The estimated cost of this project, based on bids, is $433,000 and will be funded by project funding sources.

RESOLVED, that the installation of sprinklers in the Franklin Building, estimated to cost $433,000, 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 installation, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such installation as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

10. Action. A Resolution on the Rehabilitation of Franklin Field, Phase IV, was approved as follows:

The University is executing a phased program to repair and rehabilitate Franklin Field Stadium. Previous phases approved by the Trustees over the past two years covered the North and South Upper Grandstand, the South Lower Grandstand and other work such as repairing all of the brick arches in the Stadium.

The latest phase, Phase IV, addresses rehabilitation work needed in the East Upper and Lower Grandstand, concourse, field level structure, exterior arcade and other areas. The scope of work includes repair of all deteriorated concrete in these areas, cathodic protection of the upper stands, application of a protective coating to the top side of both the upper and lower stands, and replacement of all wood seating with aluminum bench seating. The project is estimated to cost $2,976,000 and will be funded by project funding sources.

RESOLVED, that Phase IV of the rehabilitation of Franklin Field, estimated to cost $2,976,000, 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 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.

11. Action. A Resolution on the Repair of Meyerson Hall Plaza was approved as follows:

The Meyerson Hall plaza paving materials have deteriorated and allow water infiltration into the classroom below. The University proposes to repair the plaza. The scope of work includes installation of a new waterproofing membrane, new paving and drainage, miscellaneous landscape improvements and repair of the classroom ceiling. The project is estimated to cost $460,000 and will be funded by project funding sources.

RESOLVED, that the repair of Meyerson Hall plaza, estimated to cost $460,000, 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 repair, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the
12. **Action.** A Resolution on the Rehabilitation of the Penn Tower Motor Entrance was approved as follows:

The Penn Tower automobile entrance area has suffered damage to both the building envelope and its structural systems, due to water infiltration over time. The University proposes to rehabilitate this area to repair this damage. The estimated cost of the rehabilitation is $262,700 and will be funded by project funding sources.

RESOLVED, that the Penn Tower motor entrance rehabilitation, estimated to cost $262,700, 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.

13. **Action.** A Resolution on Additional Renovation Costs for the Penn Club was approved as follows:

In June 1990 the Trustees approved the expenditure of $25,000,000 to renovate a building at 30 West 44th Street, New York, New York, for the Penn Club. During the construction of the project, several unforeseen problems have increased the project cost. These include asbestos removal, facade repairs, code compliance issues, carving and plaster needs, compliance with Con Edison electrical power requirements, overtime costs, and anti-theft and other security measures. The additional work and related charges are estimated to cost $4,750,000, bringing the total estimated project cost to $29,750,000. The additional cost will be funded by project funding sources.

RESOLVED, that additional renovation costs for the Penn Club, estimated in the amount of $4,750,000, 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 incur 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.

14. **Action.** A Resolution on the Sale of 111 Hillspoint Road, Westport, Connecticut, was approved as follows:

In 1993 the University received as a gift, property located at 111 Hillspoint Road in Westport, Connecticut consisting of a single family residence situated on 1.19 acres of land. The University has received an offer to purchase the Property for a purchase price of $236,000.

RESOLVED, that the Executive Vice President or any other appropriate officers of the University be and they hereby are authorized to proceed with the sale and
conveyance of the said property for a purchase price of $236,000 and to proceed with the execution and delivery of the deed and all necessary affidavits and other documents required in connection with such sale and conveyance, and that any actions heretofore taken by such officers in furtherance of the purposes of this resolution are hereby ratified and affirmed.

15. **Action.** A Resolution on the Sale of 6 Washington Highway, Amherst, New York, was approved as follows:

In 1993 the University received as a gift, property located at 6 Washington Highway, Amherst, New York consisting of a single family residence situated on 0.57 acres of land. The University has received an offer to purchase the property for a purchase price of $145,000, subject to a financing contingency.

**RESOLVED,** that the Executive Vice President or any other appropriate officers of the University be and they hereby are authorized to proceed with the sale and conveyance of the said property for a purchase price of $145,000 and to proceed with the execution and delivery of the deed and all necessary affidavits and other documents required in connection with such sale and conveyance, and that any actions heretofore taken by such officers in furtherance of the purposes of this resolution are hereby ratified and affirmed.

16. **Action.** A Resolution on the Sale of Unit 11-B at the Wittington, Pompano Beach, Florida, was approved as follows:

The University has received as a gift, real property comprising Unit #11-B at The Wittington, a condominium located in Broward County, Pompano Beach, Florida, and has identified a purchaser willing to acquire the property for a purchase price of $210,000.

**RESOLVED,** that the Executive Vice President or any other appropriate officers of the University be and they hereby are authorized to proceed with the sale and conveyance of the said property for a purchase price of $210,000 and to proceed with the execution and delivery of the deed and all necessary affidavits and other documents required in connection with such sale and conveyance, and that any actions heretofore taken by such officers in furtherance of the purposes of this resolution are hereby ratified and affirmed.

**C. Investment Report - Mr. Neff**

Mr. Neff reported that Penn's Associated Investment Fund (AIF) was "still intact" despite the poor economy. As of April 29, 1994, the AIF totaled $1.054 billion while the market value of the total endowment equalled $1.267 billion. Since year-end, the cash allocation has been pulled down from 14% to 5% as common stock investment was built up from 44% to 48%. By seizing opportunities, the high yield allocation has been brought up from 10% to 14% of total investments. Mr. Neff noted that Penn's investments garner about a 400-basis point better return in this market relative to long-term governments and that the Board believes that over the long term, the investments will at least earn coupon and perhaps a little better.

The Board believes that if anything the correction in the bond market has been 50-60 basis points too much and that there will be some retracement. Ironically, the stock market has held up fairly well on the whole: while there has been some individual company and industry carnage, and some areas like utilities have been pummeled, on balance the market is only down 5%. The
Investment Board anticipates some more opportunities in this area, although it seems to the Board that the bond market is ahead of the stock market.

Mr. Miller noted with respect to the “Other Investments” category (real estate, venture capital, distressed obligations and residual assets) that although only $45 million has been invested in this area so far, or 5% of the AIF, returns here have been handsome. Mr. Neff reported that the Board has been “working furiously without losing our heads” to take advantage of the distressed bond market and then the distressed real estate market. While the moment has probably passed for these kinds of returns and the bottom reached, particularly in “see-through office buildings,” with the continued assistance of Mr. Tanenbaum, Penn may still be able to do more here.

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 Zvi H. Muscal be appointed to the Board of Overseers of the School of Dental Medicine for a three-year term, effective May 13, 1994.

RESOLVED, that James L. Vincent be appointed to the Board of Overseers of the Wharton School for a three-year term, effective May 13, 1994.

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