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

September 23, 1994

A meeting of the Executive Committee was convened at 3:05 p.m. on Friday, September 23, 1994, in the Tea Room, Faculty Club. Trustees attending were Susan Catherwood, Gloria T. Chisum, Stephen J. Heyman, Natalie Koether, Donald Langenberg, John B. Neff, John N. Reardon, Judith Rodin (ex officio), Alvin V. Shoemaker (chairman), Saul P. Steinberg and P. Roy Vagelos. Others attending included Barbara Beck, Carolyn Burdon, Stanley A. Chodorow, Virginia B. Clark, Dennis Colling, Randi Feigenbaum, Karen C. Gaines, Stephen P. Golding, Constance C. Goodman, Shelley Z. Green, Kate Hann, Samuel Hughes, William N. Kelley, Trudy J. Kuehner, Barbara Lowery, Jean Morse, Darrell Northington, Carol R. Scheman, 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 May 13, 1994, meeting were approved as written by the secretary.

1. Action. Mr. Shoemaker introduced a Resolution on the Naming of the Elliot and Roslyn Jaffe History of Art Building, which would be dedicated the next day. The resolution was approved as follows:

The beneficence of Elliot S. and Roslyn S. Jaffe has elevated one of the University of Pennsylvania's most lauded departments and enlivened a distinguished piece of campus architecture. Through their support, the neo-Tudor structure at 3400 Walnut Street has been renovated and expanded, providing a permanent home for the Department of the History of Art. Within its restored walls, generations of students will be awakened to the fundamental role and place of art in our civilization, paralleling the building's own centrality on campus.

Mr. Jaffe has also assisted the Department of the History of Art immeasurably through his distinguished service as an Overseer of the School of Arts and Sciences and as a member of the History of Art Visiting Committee.
RESOLVED, that the renovated structure at 3400 Walnut Street be designated the Elliot and Roslyn Jaffe History of Art Building, in recognition of Mr. and Mrs. Jaffe's extraordinary generosity and commitment to the University of Pennsylvania.

2. Action. A Resolution on the Naming of Jonathan Evans Rhoads Pavilion, which will be dedicated in October, was approved as follows:

The University of Pennsylvania Medical Center wishes to name its new building at 36th & Hamilton Walk the Jonathan Evans Rhoads Pavilion. The new building will provide attractive and efficient in-hospital patient care, combined with sensitivity to the needs of patients, their families and the professional and support staff of the Hospital of the University of Pennsylvania.

Dr. Jonathan E. Rhoads’ name is synonymous with the history of medical education at the University of Pennsylvania. Dr. Rhoads came to Penn in 1932 for surgical training, and he has served the University with great distinction ever since. In 1949 he was designated the J. William White Professor of Surgical Research, and in 1959 he succeeded Dr. I.S. Ravdin as the John Rhea Barton Professor and Chair of the Department of Surgery and as Director of the Harrison Department of Surgical Research.

From 1956-59 Dr. Rhoads served as the University’s Provost, the first member of the medical faculty to serve as the University’s chief academic officer since Dr. William Pepper (1880-94) and one of only two medical faculty (Dr. Eliot Stellar being the other) to fill that role in the 20th century.

Dr. Rhoads has achieved international renown as a surgeon, cancer researcher and innovator of parenteral hyperalimentation for surgical patients. The University of Pennsylvania takes enormous pride in Dr. Rhoads’ many contributions to medicine and to the University.

RESOLVED, that the new building at 36th Street & Hamilton Walk be named the Jonathan Evans Rhoads Pavilion.

II. President's Report - President Rodin

A. Comments

Before beginning her report, President Rodin took the opportunity to thank the University community for the welcome she and the Provost had received over the past several months, which she described as “wonderful and far beyond any expectations we could have had.” She added that she was looking forward to working with all of the trustees as they and the new administration moved forward on current initiatives.

New Academic Year. President Rodin reported that, with one very sad exception, the start of the academic year had been smooth and efficient. Some difficulties were posed by the
early Jewish holidays this year, but move-in, the Penn Reading Project, Freshman Convocation, and all the other activities of New Student Week were nonetheless implemented with great skill and a high degree of success.

Security. President Rodin then discussed the one exception to the otherwise successful beginning of the year: the tragic murder of Al-Moez Alimohamed, a gifted graduate student in mathematics and an extraordinary human being. President Rodin emphasized that the safety of all members of the Penn community, whether off campus as in this case or on campus, has to be Penn’s absolutely foremost non-academic priority. The new administration had begun to articulate its views about the paramount importance of safety before Alimohamed’s death, and his death has only intensified and quickened its efforts to address the problem. President Rodin reported that the University’s senior management is working quickly to prepare a comprehensive master plan for campus safety and security, and she will report on its progress in the near future.

Cost Containment. On the administrative front, President Rodin reported that the new administration has moved quickly to revivify the University’s Cost-Containment Oversight Committee and to accelerate the pace of Penn’s academic restructuring, and to broaden and quicken its efforts at administrative restructuring. The charge to Coopers & Lybrand, the outside consultants who have been retained to assist the University in this process, has been broadened to ensure that its study of the University’s processes provides a concrete, realistic foundation for very rapid thinking and implementation, a foundation that addresses the needs of the entire University community for greater effectiveness and efficiency. Once it is completed, the initial report that Coopers & Lybrand is preparing will be widely disseminated throughout the University. The trustees will be briefed on it, and it will be presented to the University Council and other campus constituencies and made available on Internet and in the Libraries. A great deal of input is expected from this consultative process, and committees will then be formed to work on implementation of the final recommendations. The University community will be kept fully informed as this process continues throughout the year.

New Administration. President Rodin reported on her progress to date in assembling a strong administrative team to lead the University in the years ahead. She noted that personnel changes are very common during transition periods, and stressed that changes her administration had made should not be construed as “housecleaning.” Rather, she said, “we are moving in a calm and deliberate manner to put a strong administrative team in place.” She was particularly pleased to announce with the appointment of Jean Morse as her Deputy and the nominations of Jack Freeman as Acting Executive Vice President and Carol Scheman to fill the newly constituted position of Vice President for Government and Community Relations. She then presented the following resolutions:

1. **Action.** A Resolution on the Appointment of Jack E. Freeman as Acting Executive Vice President was approved as follows:

   RESOLVED, that Jack E. Freeman be appointed Acting Executive Vice President of the University, effective August 1, 1994.

2. **Action.** A Resolution on the Appointment of Carol R. Scheman as Vice President for Government and Community Relations was approved as follows:
RESOLVED, that Carol R. Scheman be appointed Vice President for Government and Community Relations, effective September 15, 1994.

B. Academic Report - Provost Chodorow

1. Comments. Provost Chodorow added his own thanks to those of the president for the wonderful welcome he and she had received this summer, and then outlined the major initiatives on which he was working.

Undergraduate Education. Provost Chodorow reported that he was initially concentrating on undergraduate education, carrying on the effort begun last year. He and the president are actively engaged in discussion on how to strengthen undergraduate education at Penn and better connect undergraduates’ classroom and extracurricular activities. The provost expects to be occupied with this subject through this academic year.

Dean Reviews. The provost reported that four deans would be entering the reappointment approval process this year: Colin Diver, Dean of the Law School; Raymond Fonseca, Dean of the School of Dental Medicine; Kathleen Hall Jamieson, Dean of the Annenberg School for Communication; and William N. Kelley, Dean of the School of Medicine. The formal reviews will not begin until the provost has completed his review of the reappointment process.

Policy Issues. Provost Chodorow reported on three policy issues that had been on his desk when he arrived this summer and which are under review: (i) the Judicial Charter and Code of Academic Integrity, which he is now discussing with the relevant committees after spending a good part of the summer reading the current and former codes; (ii) Penn’s policies on interim suspension of faculty and just cause dismissal or sanction; and (iii) the procedures for departmental closings, which he is discussing with deans.

Proposed Change in the Academic Calendar. A change in the academic calendar was proposed last year by the Student Committee on Undergraduate Education (SCUE) and reviewed by the Faculty Senate. The provost is now consulting with the deans about this issue, which he will bring back to the University Council.

Capital Process. Finally, the provost noted his commitment to improving the process for capital expenditure decisions to ensure that academic opinions are received in the early stage of discussion of proposed academic expenditures. He is currently reviewing the process with the president.

2. Action. Provost Chodorow noted that among the actions included in the Resolution on Appointments and Promotions (pp. 5-29 of meeting book) were three of particular note. the promotion of Dr. Fan R.K. Chung, an extraordinary mathematician and leader in her field, to Professor of Mathematics; the appointment of Dr. Jason S. Johnston, who works in the area of the economics of law, as Professor of Law; and the promotion of Dr. Michael Atchison, whose research is in the area of genetics, to Associate Professor of Biochemistry in the School of Veterinary Medicine. These individuals represent exactly the kind of exciting scholars of cross-
disciplinary vision that Penn can be proud to attract, he noted. The resolution was approved upon motion duly made and seconded.

C. Financial Report - Mr. Golding

Dr. Freeman presented a financial report highlighting the unrestricted financial performance of the University, HUP and CPUP for the 12 months ending June 30, 1994, and presenting statistical data with regard to Penn’s restricted endowed and quasi-endowed funds, its gift funds and its grant and contract funds as of that date.

Coopers & Lybrand, the University’s auditor, completed its audit of the consolidated financial statements for the University, HUP and CPUP as of June 30, 1994, this summer, and Penn received an unqualified audit opinion on September 2. Draft audited statements will be reviewed with the Trustees’ Audit Committee on October 10, and the final audited statements will be presented at the October 20 meeting of the full board. Mr. Golding noted that the results of operations provided in the meeting book are presented on an unconsolidated basis for these entities, consistent with statement presentations during the year.

University - Unrestricted. Operations for the 12-month period ending June 30 generated an excess of revenue over expenditures of $32,000, as outlined on Schedules A and AA. Mr. Golding directed the trustees to the Executive Summary provided for a description of positive and negative factors affecting performance.

With regard to school and center performance, three schools (Nursing, the Graduate School of Education and the School of Social Work) ended the year in a surplus position, while two centers (Annenberg Center and Intercollegiate Athletics) ended the year with deficits. All other schools and centers achieved breakeven unrestricted performance.

University - Restricted. Mr. Golding noted that Schedule C in the package shows restricted expenditures increasing by 8.3%, in total, as compared to a year ago. Endowment, Gift and Grant and Contract expenditures increased by 13%, 11.3% and 7.4% respectively. The current balance available for grant and contract expenditures of $176.3 million is 0.7% higher than a year ago, and projected on a straight-line expenditure basis, this represents 7.9 months of expendable awards, slightly lower than the backlog at June 30, 1993.

HUP. The Hospital’s performance for the year, on an unconsolidated basis, shows an excess of revenue over expenditures which was $67.6 million better than budget (Schedule D of Financial Report). Net revenue from operations exceeded budget by $63 million and non-operating revenue was $4.6 million better than budget.

CPUP. The Clinical Practices’ performance for the year, also on an unconsolidated basis, shows an excess of revenue over expenses which exceeded budget by $24 million, including Education and Development fund (E&D) activity. E&D Funds fund balances decreased net by $759,000.
Consolidated Financial Performance. Mr. Golding noted that page 3 of the narrative to the financial report reflects the changes which are included in the consolidated financial statements as a result of differences in Generally Accepted Accounting Principles (GAAP) between the health care entities and the University. The University’s consolidated financial statements have been prepared in accordance with University GAAP, and the reconciliation on page 3 conforms the health care statement to the University’s.

Spending Rule. The AIF Spending Rule, which the Trustees established in FY1980 and which was implemented in FY1981, returned $7.2 million in earned income to endowment principal in FY1994, 12.6% of the total income earned. Since the Spending Rule was implemented, $117.2 million of income has been reinvested, which is about 11% of the AIF market value at June 30, 1994 after adjustment for the FY1994 reinvestment.

D. Health System Report - Dr. Kelley

Dr. Kelley reported on initiative currently underway at the Health System, carrying on from its very successful year last year.

Penn Care. The Health System is currently focusing on “Penn Care,” a plan being developed to offer health care to faculty and staff. It is hoped that this will be a highly attractive option for Health System and University faculty and staff.

Master Site Plan. The Health System is looking at alternatives to use of the Civic Center site and will accordingly be revising its Master Site Plan now that negotiations for the acquisition of the Civic Center site have ended.

Off-site Programs. The System continues to identify appropriate off-site ambulatory care satellites, especially large multi-specialty facilities on the Main Line.

Practice Acquisitions. The Health System continues its efforts toward developing relationships with primary care physicians in the local area who would like to join the Health System’s physician network.

Other Hospitals. The Health System is also continuing its efforts to develop new contractual relationships with community hospitals, and has recently entered into agreements with Germantown and Taylor Hospitals. Discussions are underway with other high quality hospitals in the area.

III. Trustee Committee Reports

A. Investment Report - Mr. Neff

Mr. Neff referred to the Investment Report provided in the meeting book. The figures for September 15, 1994, in that report show a formidable increase since December 31, 1979, for which figures were also given as a comparison. The market value of the total endowment at
September 15 was $1.544 billion, “light years better than the $200,543 value of the endowment 14 years ago;” the market value of the Associated Investment Fund (AIF) was $1.119 billion, compared to $133,900 at the end of 1979. Taking advantage of opportunities in the marketplace, the Investment Board has built the percentage of the AIF invested in common stocks up to 50% from 44% at year-end 1993. Thirteen percent of the AIF is invested in high yield securities and 5% in other investments, largely distressed commercial real estate.

The performance of Penn’s Equity Funds was slightly behind the S&P 500 stock average for the NACUBO year to date (i.e., since June 30, 1994), but Mr. Neff was optimistic that this would change, saying “just give us more time.”

Mr. Neff noted that as the bond market continues to experience difficulties, the Investment Board has found stocks to be a viable and competitive alternative. While not without some “rotating carnage,” the stock market has held up well, and the Board continues to find good opportunities.

B. Budget and Finance - Mr. Shoemaker

Mr. Shoemaker reported that, in Mr. Fox’s absence, he had chaired the meeting of the Budget and Finance Committee held earlier that day. He then presented for the Executive Committee’s approval the following resolutions that had been approved by the Budget and Finance Committee.

1. Action. A Resolution on Design Fees for the Renovation of Lewis, Pepper and Roberts Halls for the Law School was approved as follows:

The Law School proposes to proceed with the phased renovation of vacated spaces and related areas in Lewis, Pepper and Roberts Halls. The initial phase calls for creating space for classrooms and departments that were displaced by the construction of the Tanenbaum Hall, the new Law Library. The feasibility study for this project has been completed and the Law School is ready to proceed with the design and documentation of the project. The design fees are estimated to cost $402,000 and will be funded by the Law School.

RESOLVED, that design fees for the renovation of Lewis, Pepper and Roberts Halls, estimated to cost $402,000, 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, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such design 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.

2. Action. A Resolution on the Renovation of Laboratory Space in the Veterinary Medicine Old Quadrangle for the School of Veterinary Medicine was approved as follows:
The School of Veterinary Medicine proposes to renovate approximately 900 net square feet of laboratory space in the Veterinary Medicine Old Quadrangle to create a compliant molecular biology research suite. The scope of the work includes providing a new HVAC system, lab casework, fume hoods and finishes. In addition, a new mechanical room will be created to support the facility and problems in adjoining spaces will be addressed. The estimated cost of the project is $500,000 and will be funded by the School of Veterinary Medicine and the Deferred Maintenance program.

RESOLVED, that the renovation of laboratory space in the Veterinary Medicine Old Quadrangle, estimated to cost $500,000, 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, 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.

3. Action. A Resolution on Computing Network Infrastructure Enhancements was approved as follows:

The University proposes to continue ongoing enhancements to its data communication pathway, known as PennNet, to meet the needs of today's computing environment. The scope of the project includes enhancements to four areas: the fiber optics backbone, the electronics that connect each building to the backbone, the computer systems that operate the central infrastructure, and the modem pool. The estimated cost of the project is $751,000 and will be funded by user fees.

RESOLVED, that computing network infrastructure enhancements, estimated to cost $751,000, 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, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such enhancements 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 Eisenlohr Hall Building Systems Improvements and Interior Renovations was approved as follows:

The University proposes to correct deferred maintenance problems revealed by recent inspections of Eisenlohr Hall. The scope of the work includes restoring exterior masonry, painting exterior and interior wall surfaces and trim, roof repair and miscellaneous plumbing and mechanical systems repairs. The project also includes the upgrading of lighting and constructing a new staff office, apartment and bath for the president's family needs. The estimated costs of the building
systems improvements and interior renovations are $641,750 and $85,600, respectively, and will be paid from the Deferred Maintenance program and general University funds.

RESOLVED, that building systems improvements and interior renovations to Eisenlohr Hall, estimated to cost $727,350, be and the same hereby are approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such improvements and 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 the Purchase of a Mass Spectrometer for the Center for Experimental Therapeutics for the School of Medicine was approved as follows:

The School of Medicine proposes to purchase a mass spectrometer for its Center for Experimental Therapeutics to support the School's efforts in clinical pharmacology. The estimated cost of purchasing and installing the equipment is $362,500 and will be funded by the School of Medicine.

RESOLVED, that the School of Medicine's purchase of a mass spectrometer, estimated to cost $362,500, be and the same hereby is approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, execute such contracts, and incur such expenses and obligations -- not, however, 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.

6. Action. A Resolution on the Purchase of a Radiation Oncology Capital Item for the Hospital was approved as follows:

The Hospital proposes to purchase a Radionics Software Applications X-Knife System to enhance its ability to perform stereotactic radiosurgery, a technique designed to deliver high doses of radiation to well defined intracranial volumes, without delivering significant radiation to adjacent highly sensitive neural structures. The purchase is estimated to cost $366,500 and will be funded by the Hospital.

RESOLVED, that the Hospital's purchase of a Radionics Software Applications X-Knife System, estimated to cost $366,500, be and the same hereby is approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, execute such contracts, and incur such expenses and obligations -- not, however, 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 the Acceptance of 4212-4216 Chestnut Street, Philadelphia, Pennsylvania, was approved as follows:

In March 1990, the Trustees approved the University's Guaranty (the "Guaranty") of a $1.4 million loan (the "Loan") by Mellon Bank to HandiSoft Foundation, Inc. ("HandiSoft") for use in the purchase and renovation of a building at 4212-4216 Chestnut Street, Philadelphia, Pennsylvania (the "Property"). HandiSoft is the successor organization to the Center for Information Resources, a former University activity, that provides computer training and employment opportunity for disabled persons.

Earlier this year, HandiSoft's management determined, and the University administration concurred, that HandiSoft would not be able to perform its repayment obligations to Mellon Bank under the Loan and that the future viability of HandiSoft was dependent on a merger with the Elwyn Institute, an agency that serves developmentally disabled persons. This merger required a physical move of HandiSoft's activities, and the Property was no longer needed by HandiSoft or the Elwyn Institute.

Subsequently, on August 31, 1994, the University accepted the Property from HandiSoft as consideration for the University's performance under the Guaranty. General University funds were used to satisfy the $1.4 million Guaranty. The building which has 18,000 square feet will either be commercially leased or used for University purposes.

RESOLVED, that the University's acceptance of the Property be and the same is approved and that any actions heretofore taken by the Executive Vice President or any other appropriate officers of the University in furtherance of this resolution are hereby ratified and affirmed.

8. **Action.** A Resolution on the Acquisition of 3311 Chestnut Street, Philadelphia, Pennsylvania, was approved as follows:

The University has agreed to acquire the property located at 3311 Chestnut Street, Philadelphia, Pennsylvania (the "Property"), comprising a parcel of approximately 0.6 acres on which is located the Asbury Church and appurtenant parking facilities, for a purchase price of $1,100,000. The acquisition will be paid from general University funds.

RESOLVED, that the Executive Vice President or any other appropriate officers of the University be and they hereby are authorized to proceed with the acquisition of the Property for a purchase price of $1,100,000 and to proceed with the execution and delivery of a Purchase Agreement as well as all necessary affidavits and other documents required in connection with such purchase, and that any
actions heretofore taken by such officers in furtherance of the purposes of this resolution are hereby ratified and affirmed.

9. **Action.** A Resolution on the Sale of 6435 Overbrook Avenue, Philadelphia, Pennsylvania, was approved as follows:

In April 1991, the University received as a gift, property located at 6435 Overbrook Avenue, Philadelphia, Pennsylvania (the "Property"). The University has received an offer to purchase the Property for a purchase price of $150,000.

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 Property for a purchase price of $150,000 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.

10. **Action.** A Resolution on the Refinancing of Outstanding Indebtedness was approved as follows:

In 1984, the Pennsylvania Higher Educational Facilities Authority issued $24,285,000 aggregate principal amount of The Trustees of the University of Pennsylvania Floating/Fixed Rate Bonds (the "1984 Bonds") on behalf of the University to finance the acquisition of computers and educational equipment. The 1984 Bonds bear interest at a tax-exempt variable rate which is reset weekly, mature in the full principal amount on June 1, 1999 and are secured as to payment of principal and interest by a pledge of University unrestricted endowment.

The University also borrowed $13,100,000 and $9,873,672 in 1989 and 1992, respectively, (collectively the "PHEFA Loans") from a pooled financing program, for Pennsylvania institutions of higher education, established by the Pennsylvania Higher Educational Facilities Authority (the "Authority") to pay the costs of various projects. The PHEFA Loans bear interest at a tax-exempt variable interest rate which is reset weekly and are payable on December 1, 1998.

The administration desires to refinance the 1984 Bonds to release the pledged collateral, to extend the maturity date and to fix the interest rate payable thereon. The administration also desires to extend the maturity date of the PHEFA Loans and to fix the interest rate. The refinancing of the 1984 Bonds and the PHEFA Loans may be done in conjunction with the refunding of debt previously issued by the Berks County Authority for the University.

The administration requests authorization from the Trustees to make application to the Authority or other governmental unit selected by the administration to issue and sell tax-exempt bonds for the University to refinance the debt described above.
In view of the possible need on short notice of approval at the Trustee level of the substantive terms of the refinancing debt and related documents, the administration recommends that the Ad Hoc Committee appointed by the Trustees by Resolution adopted December 10, 1993, (the "Ad Hoc Committee") be delegated the right to approve the terms and details of the bonds and documents used in connection therewith.

RESOLVED, that the Trustees of the University of Pennsylvania approve the refinancing, of all or a portion of the 1984 Bonds and/or the PHEFA Loans.

FURTHER RESOLVED, that the Vice President for Finance or the Treasurer be and either one is hereby authorized to make application on behalf of the University to the Authority or other governmental issuer for the issuance of refunding bonds and to pay such fees and expenses as may be required in connection with such application.

FURTHER RESOLVED, that the Trustees hereby delegate to the Ad Hoc Committee the power to approve the rates of interest, dates of maturity and details of any bonds issued pursuant to the terms of this resolution and the terms and conditions of any financing documents used in connection therewith, with the power to delegate all or any such powers to the Vice President for Finance, the Treasurer or other appropriate officers of the University.

FURTHER RESOLVED, that the Vice President for Finance, the Treasurer or other appropriate officers of the University be, and hereby are, authorized to determine the method of sale of the bonds, to choose an underwriter if a negotiated sale is to be utilized, and to review and agree to the terms and conditions of such bonds and the documents used in connection therewith subject to review and the approval thereof by the Ad Hoc Committee.

FURTHER RESOLVED, that the Vice President for Finance, the Treasurer or other appropriate officers of the University after approval of the Ad Hoc Committee, are hereby authorized to execute, deliver and cause the corporate seal of the University to be affixed to any document requiring the signature of the University in connection with the issuance of the bonds, and to take any action on behalf of the University authorized by the Ad Hoc Committee or consistent with such authorization.

11. Action. A Resolution on Amendments to the Bylaws of the University of Pennsylvania Health System was approved as follows:

In accordance with Article 9.1 of the Bylaws of the Trustee Board of the University of Pennsylvania Health System, the Executive Committee of the UPHS Trustee Board has conducted its annual review of these Bylaws. The Executive Committee has concluded that revisions of Articles 4.2.4.2, 4.2.4.3, 6.3, and 6.4 are required for the following reasons:
Article 4.2.4.2 Joint Conference Subcommittee: The proposed revision of Article 4.2.4.2 corrects the inadvertent exclusion of UPHS management representatives from membership in the Joint Conference Subcommittee, consistent with both the Medical Staff Bylaws and current practice.

Article 4.2.4.3 Professional Liability Oversight Subcommittee: The proposed revision of Article 4.2.4.3 corrects an extraneous reference to the Medical Center Board, in conformance with current practice.

Article 6.3 Organization of the Medical Staff and Medical Staff Bylaws: The proposed revision of Article 6.3 permits the required elements of the Medical Staff Bylaws to be set forth in supporting Medical Staff policies. This approach allows greater flexibility to respond to changes in the laws pertaining to medical staff appointment, privileging and procedural fairness.

Article 6.4 Medical Care and Its Evaluation: The proposed change of Article 6.4 substitutes "quality improvement" for "quality assurance" in accordance with the current UPHS practice and the emphasis of the Joint Committee on Accreditation of Healthcare Organizations.

RESOLVED, that the Bylaws of the Trustee Board of the University of Pennsylvania Health System are amended as follows, and the revised Bylaws dated September 12, 1994. Revisions are indicated by bold print or black-lined type.

4 ARTICLE FOUR -- COMMITTEES

4.2.4.2 The Joint Conference Subcommittee

The Joint Conference Subcommittee shall be a standing subcommittee of the Executive Committee of the Health System Board and shall serve as a formal means of medico-administrative liaison among the Executive Committee of the Health System Board, the HUP Board, HUP administration, and the medical staff of the Health System, including HUP (the "medical staff"). Included among the issues reviewed by this subcommittee shall be those which affect the discharge of medical staff responsibilities. The subcommittee shall include an equal number of members of the Health System Board (at least one of whom shall also be a University Trustee who is also a member of the Executive Committee of the Health System Board), management and representatives of the medical staff. The membership of the Joint Conference Subcommittee shall include three ex officio members: the CEO, the senior executive responsible for health services and HUP, and the Chairman of the HUP Board.
University Trustees, Associate Trustees of the University, and emeritus trustees of the University, who are not members of the Health System Board, and emeritus members of the Health System Board, shall be permitted to serve on the Joint Conference Subcommittee. The Joint Conference Subcommittee shall meet as frequently as necessary, but at least three times a year, and shall regularly report to the Executive Committee of the Health System Board on its activities.

4.2.4.3 Professional Liability Oversight Subcommittee

The Professional Liability Oversight Subcommittee shall be a standing subcommittee of the Executive Committee of the Health System Board and shall oversee claims and risk management activities. The senior administrator responsible for legal affairs for the Health System shall provide staff for this subcommittee. The Professional Liability Oversight Subcommittee shall meet as frequently as is necessary, but at least three times a year. The membership of the subcommittee shall include six ex officio members: the CEO, the Executive Vice President of the University (or designee), the senior executive responsible for health services and HUP, the senior executive responsible for academic and clinical affairs, the Chairman of the Executive Committee of CPUP, and the Chairman of the Medical Board of HUP. There shall be at least two additional members of the subcommittee who shall be members of both the Executive Committee of the Health System Board and the Medical Center Board; at least one of these two additional members shall also be a University Trustee. University Trustees, Associate Trustees of the University, and emeritus trustees of the University, who are not members of the Health System Board, shall be permitted to serve on the Professional Liability Oversight Subcommittee. The Professional Liability Oversight Subcommittee shall regularly report to the Executive Committee of the Health System Board on its activities.

6 ARTICLE SIX -- MEDICAL STAFF

6.3 Organization of the Medical Staff and Medical Staff Bylaws

The Executive Committee of the Health System Board shall require the medical staff to organize so that it may carry out its functions, and to develop and adopt medical staff bylaws, rules, staff and the Executive Committee of the Health System Board shall periodically review the bylaws of the medical staff organization and each may propose amendments. Such bylaws and amendments thereto shall take effect upon approval by a majority vote of the members present at a meeting of the Executive
Committee of the Health System Board (a quorum being present). Such bylaws shall comply with all applicable laws and regulations of the Commonwealth of Pennsylvania and with applicable standards of the Joint Commission on the Accreditation of Healthcare Organizations and other relevant accrediting organizations. Included in such bylaws and supporting policies shall be provisions which address: the appointment, reappointment, revision of appointment, and termination of appointment, to the medical staff; the delineation of clinical privileges; a procedural fairness mechanism; and supervision of house staff and auxiliary health care personnel by members of the medical staff with appropriate clinical privileges.

6.4 Medical Care and Its Evaluation

The Executive Committee of the Health System Board shall exercise its overall responsibility for patient care through delegation to the medical staff of reasonable authority for reviewing and promoting the quality of appropriate professional care. One level of patient care shall be provided. A member of the medical staff shall be responsible for each patient's medical care. The medical staff shall establish mechanisms for an ongoing quality-assurance improvement program that monitors and recommends improvements in patient care. These activities and their results shall be reported through the Joint Conference Subcommittee to the Executive Committee of the Health System Board for appropriate action.

12. Action. A Resolution on the University's Guarantee of a $600,000 Loan to Beta Corporation of Sigma Delta Tau was approved as follows:

In May 1994, the Trustees approved the renovation of 3831-3833 Walnut Street (the "Property") to serve as a chapter house for the Sigma Delta Tau Sorority (the "Chapter"). In order to assist the Chapter in financing this renovation, the University intends to guarantee a loan to Beta Corporation of Sigma Delta Tau from National Westminster Bank NJ in the amount of $600,000 and to grant a mortgage on the Property to National Westminster Bank NJ.

RESOLVED, that the University's guarantee of a $600,000 loan from National Westminster Bank NJ to Beta Corporation of Sigma Delta Tau and the granting of a mortgage on the Property to National Westminster Bank NJ be and the same hereby are approved and that the Executive Vice President or other appropriate officers of the University be and the same hereby are authorized to take such actions and execute such documents as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.
13. **Action.** A Resolution on the Approval of the Contract to Provide the University with a New Financial Management Information System was approved as follows:

The University has signed a contract with Oracle, Inc. to provide the University with a new Financial Management Information System. The system will provide the University with the ability to apply new technology to reengineered financial operations and enable schools and centers to manage their operations more efficiently and effectively. This is part of the overall effort, Project Cornerstone. The estimated cost of the system, including training, is $5,965,000 and will be paid from general University funds.

RESOLVED, that the purchase of a new Financial Management Information System, estimated to cost $5,965,000, 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, 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, and that any actions heretofore taken by such officers in furtherance of the purposes of this resolution are hereby ratified and affirmed.

14. **Action.** A Resolution on the Purchase of an IBM SP2 System to Implement New Financial Management Information System Applications was approved as follows:

The University proposes to purchase an IBM SP2 System to implement new financial management information system applications, as part of Project Cornerstone. The estimated cost of this equipment, including installation and training, is $1,170,000 and will be paid from general University funds.

RESOLVED, that the purchase of an IBM SP2 System, estimated to cost $1,170,000, 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, 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.

15. **Action.** A Resolution on the Renovation of Laboratory Space on the Second Floor of Hayden Hall for Neuroengineering, School of Engineering and Applied Science, was approved as follows:

The School of Engineering and Applied Science proposes to renovate approximately 2,650 net square feet of laboratory space on the second floor of Hayden Hall to provide facilities for its multi-disciplinary research program in neuroengineering. The scope of work includes upgrading wall and floor finishes, lighting, increasing the electrical power supply and installing new laboratory
fixtures. The project is estimated to cost $300,000 and will be funded by the School of Engineering and Applied Science.

RESOLVED, that the renovation of laboratory space in Hayden Hall, estimated to cost $300,000, 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, 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.

16. Action. A Resolution to Acquire Letter of Credit for Workers' Compensation Insurance was approved as follows:

The Commonwealth of Pennsylvania requires that corporations obtain workers' compensation insurance or secure that liability with a letter of credit or a surety bond. The administration has determined that self-insurance with a letter of credit is the most cost effective manner of managing the University's workers' compensation liability. The administration has acquired an irrevocable, unsecured letter of credit in the amount of $10,000,000 in favor of the Commonwealth of Pennsylvania Bureau of Workers' Compensation. This letter of credit renews automatically year to year, unless cancelled.

RESOLVED, that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to request and cause the issuance of irrevocable, unsecured letters of credit by such financial institutions as such officers deem acceptable, in amounts up to $10,000,000, for the account of the University and for the benefit of the Commonwealth of Pennsylvania Bureau of Workers' Compensation, together with any amendments, extensions and renewals of such letters of credit, or change in financial institutions issuing such letters, as such officers deem appropriate, and to take such action and to execute and deliver any and all agreements, documents and instruments required by such financial institutions in connection therewith, and that any actions heretofore taken by said officers in furtherance of the purposes of this resolution are hereby ratified and affirmed.

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 Mr. Paul C. Williams be appointed to the Board of Overseers of the School of Arts and Sciences for a three-year term, effective September 23, 1994.
RESOLVED, that Mrs. Carole Haas be appointed to the Advisory Board of the Morris Arboretum for a three-year term, effective September 23, 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