A Stated Meeting of the Trustees’ Executive Committee was held at 2:00 pm Friday, December 9, 1994, in the Tea Room, Faculty Club. Trustees attending were Susan W. Catherwood, Gloria T. Chisum, Robert A. Fox, Stephen J. Heyman, Natalie I. Koether, Paul F. Miller, Jr., John B. Neff, John N. Reardon, Judith Rodin (*ex officio*), and P. Roy Vagelos (*chair*). Others attending included Stanley A. Chodorow, Virginia B. Clark, Randi Feigenbaum, Karen C. Gaines, Stephen P. Golding, Constance C. Goodman, Shelley Z. Green, Samuel Hughes, William N. Kelley, Trudy J. Kuehner, Jordan Lieberman, Jean Avnet Morse, Edward Resovsky, Stephen P. Steinberg, Barbara R. Stevens and Duncan W. Van Dusen.

I. Call to Order

Dr. Vagelos called the meeting to order. The minutes of the September 23, 1994, meeting were approved as written by the secretary.

Dr. Vagelos also reported that he had spent the past six weeks beginning the visits he plans to make to all the schools and many of the departments in the larger schools. He has so far visited the Annenberg School, the School of Nursing, the School of Dental Medicine, the Law School, the School of Engineering and Applied Science, and the School of Arts and Sciences, as well as with faculty and student leaders. He reported that he has been enjoying and learning a great deal from these visits.

II. President’s Report - Dr. Rodin

A. Comments

President Rodin reported that the administration was making good progress on many fronts, and summarized accomplishments in several important areas:

*Dean of the School of Veterinary Medicine.* President Rodin noted her pleasure in being able to recommend to the Trustees the appointment of Dr. Alan Kelly as the next dean of the School of Veterinary Medicine. She noted that his stewardship of the School as Acting Dean over the past year has been exemplary, and that under his leadership the School is making real progress in meeting the many challenges it faces. She also commended the search committee, chaired by Prof. Kenneth Bovee, for their diligent efforts and for bringing the search to such a successful conclusion.
Action. 1. A Resolution on the Appointment of Alan M. Kelly as the Gilbert S. Kahn Dean of Veterinary Medicine was approved as follows:

RESOLVED, that Alan M. Kelly be appointed Gilbert S. Kahn Dean of Veterinary Medicine, effective December 9, 1994.

Vice President for Human Resources. Another area in which Penn faces real challenges, President Rodin reported, is the recruitment, retention and management of its most important resource -- Penn’s people. A search is currently underway to identify a new Vice President for Human Resources to lead us in this effort, but because Human Resources is too important to Penn’s present and future to leave even a temporary leadership vacuum, the President has asked Dr. John Wells Gould to serve as Acting Vice President for Human Resources until a permanent Vice President can be recruited. With his broad experience of Penn as Executive Director of the President’s Office and more recently as Vice President for Planning, she noted, Dr. Gould will provide the knowledge and leadership needed during the months ahead.

Action. 2. A Resolution on the Appointment of John W. Gould as Acting Vice President of Human Resources was approved as follows:

RESOLVED, that John W. Gould be appointed Acting Vice President of Human Resources, effective October 13, 1994.

President Rodin noted that the search for a permanent Executive Vice President also continues, and that progress is also being made in many other areas:

Coopers and Lybrand. President Rodin reported that C&L is completing their report on administrative restructuring, and she expects to begin the process of campus discussion and consultation after the holiday break.

Undergraduate Education. The President reported that the Provost’s Council on Undergraduate Education, which will guide the initiative to create a new, 21st-century undergraduate experience, would formally begin its work the next week. She and the Provost have been busy consulting with students and faculty and thinking through the process of the Council’s work, and they expect the Council to make rapid progress during the spring term.

State of the University. President Rodin reported that earlier that week, she, the Provost and many of their administrative colleagues had made an extensive presentation to the University Council on the “state of the University.” As she told the Council, she believes the state of the University is extremely good, but the state of the University is also defined by the environment in which we operate, and this environment is indeed challenging at the present time.

Federal Relations. The new political climate in Washington is a major environmental change, President Rodin noted, and Penn will be watching carefully to see what impact it will have on Federal support of Penn’s central educational missions, whether through changes in research funding, in student loans, in support for the arts and humanities, or in health care policy.
Federal support is the life-blood of some of Penn’s most important research activities and its most significant educational programs, and this will be an area of major concern in the months ahead. Responding to changes in Washington will almost certainly mean that the responsibility for supporting what Penn wants to do as a university will fall more and more on its own shoulders financially.

**Conclusion.** President Rodin summarized Penn’s current position by stating that meeting the current challenges will require that Penn have confidence in itself, and that it convince others that its confidence is justified. It is toward this end, she said, that she has endeavored to take advantage of Penn’s heightened media visibility to advertise what a great place Penn is and what important work its faculty and students are doing.
B. Academic Report - Dr. Chodorow

1. Comments

Provost Chodorow updated the trustees on various of the initiatives begun over the fall.

Undergraduate Education Initiative. Adding to President Rodin’s comments on this, the Provost reported that Robert Lucid, a distinguished Professor of English, and Kim Morrisson, Vice Provost and former Vice Provost for University Life, had been appointed co-directors of the committee to oversee this process.

Capital Planning Process. The Provost reported that he and Acting Executive Vice President Jack Freeman, along with others, are working to develop a new capital planning process. A subcommittee of the Academic Planning and Budget Committee has been established to advise the Provost on the academic impact of proposed projects, placing them in priority order in accordance with their importance to the institution. That subcommittee is currently developing standards and procedures to be used in carrying out its review of projects.

Academic Planning Process. The Academic Planning and Budget Committee also has been discussing Penn’s academic planning process and school five-year plans and has proposed a number of changes in the guidelines for these plans.

Research. The Provost reported that during fiscal year 1994, the University received over 2,371 sponsored research grants, an increase of 3.2% from the year before, for a total of $280.5 million. Indirect cost recoveries increased by 1%. The majority of the grants are from the Department of Health and Human Services, accounting for 57% of the funding received. The next largest amount, 13%, comes from foundations and associations. The School of Medicine accounts for over half of the dollars awarded—56%—with Arts and Sciences following at 15%.

Graduate Education. There are currently 4,264 students enrolled in Penn’s A.M., M.S. and Ph.D. programs. The Provost noted this is 200 fewer than five years ago, reflecting efforts to improve levels of financial support for these students. Of these, 4.3% are U.S. citizens of African-American, Latino or Native American heritage, up from 3% four years ago. This increase was made possible by the University’s being awarded 25 five-year fellowships in the most recent Patricia Roberts Harris Fellowship program, a competitive program for which Vice Provost for Graduate Education Janice Madden had prepared Penn’s grant proposal. Penn received more Harris fellowships than any other University in the nation. These Fellowships, together with the expansion of Penn’s own Fontaine Fellowship program for minority students, have helped Penn achieve the increase in minority graduate students.

The Provost also reported that starting this spring, Penn doctoral students are eligible to spend an academic year or a semester at those institutions who are members of Dwarves. Dwarves brings together the chief officers for graduate education at Brown, Cal-Berkeley, Chicago, Columbia, Cornell, Harvard, M.I.T., Princeton, Stanford, Yale and Penn. Additionally, this fall an exchange program with Princeton University was initiated permitting all Penn Ph.D.
students to take up to four courses at Princeton and Princeton’s Ph.D. students to take four courses at Penn. This program has already helped in program development at both institutions, enriching both schools and their students.

Admissions. Early decision applications for places in the Class of 1999 are now in, and they are up 11.4% over the prior year—from 1,459 to 1,625. Over half of the increase comes from Penn’s five traditional feeder states—Connecticut, Massachusetts, New Jersey, New York and Maryland. However, the geographical diversity of the rest of the applicants continues to broaden: 21% of the increase comes from students in western, southwestern and west coast states. Early decision applicants are very important to Penn, since these applicants strongly want to come to Penn. Of the early decision applicants admitted in December, 98.8% of those admitted matriculate, and 85% of the early decision applicants admitted later with the regular pool matriculate.

The Provost noted that the number of early decision applicants who are women had increased from 675 to 717, and the number of Chicano and Latino applicants had increased from 35 to 53.

French Institute for Culture and Technology. The Provost reported that he and the French Ambassador signed an agreement this fall that formally establishes Penn as a Centre d’Excellence in French Studies. There are six such centers in the United States and include Harvard, Princeton, Johns Hopkins, Berkeley and the University of Chicago. The centers emphasize interdisciplinary courses and research in French culture, politics and science. Penn’s own French Institute for Culture and Technology, which is responsible for a wide variety of exchange programs, focuses on science and technology.

Honors. The Provost reported that Phoebe Leboy, Professor and Chair of Biochemistry in the School of Dental Medicine, has been named the first recipient of the Helen and Robert Davies Term Chair. This chair was established by the Trustees Council of Penn Women to honor faculty who have followed the example of Professors Helen and Robert Davies in achieving excellence in research and teaching while at the same time working actively, through formal and informal channels, to enhance the role and status of women at Penn.

Other faculty honors on which the Provost reported included the election of three faculty to the Institute of Medicine of the National Academy of Sciences: Ann Burgess, Professor of Psychiatric and Mental Health Nursing; David E. Longnecker, Professor and Chair of Anesthesia; and Dr. Jerome F. Strauss, III, Professor of Obstetrics and Gynecology.

2. Action. Introducing the Resolution on Appointments, Leaves, and Promotions provided at pp. 3-12 of the meeting book, the Provost noted that among the appointments included in the resolution were two of particular note:

- Geoffrey Hazard, a nationally known expert in legal ethics, professional responsibility and civil procedure, joins Penn from Yale University, where he has been a faculty member since 1971. Since 1984 he has also been the director of the American
Law Institute, and he has authored or co-authored many textbooks and casebooks in his areas of the law.

-Michael Glick, who joins Penn’s School of Dental Medicine from Temple University as an Associate Professor in Oral Medicine, has established a major program in the treatment of patients with infectious diseases, especially HIV, and has made connections with professors in the basic sciences at the School of Dental Medicine to study the effect of saliva on viruses and bacteria.

The Resolution was approved upon motion duly made and seconded.

C. Financial Report - Mr. Golding

Mr. Golding presented a financial report containing the projections of the financial status of the University’s unrestricted budget, and also the key statistical data with regard to the performance of its restricted endowed and quasi-endowed funds, its gift funds and its grant and contract funds as of October 31, 1994. In addition, the report covered the operating performance of HUP and CPUP for the four months ended October 31, 1994, and the performance of Clinical Care Associates for the three months ended September 30, 1994.

**University - Unrestricted.** Mr. Golding reported that as of the end of four months of the fiscal year, the University projects a breakeven performance for the General University Unrestricted operations. Collectively, the schools and centers are projected with a surplus of $325,000, with three schools (Nursing, the Graduate School of Education and the School of Social Work) projecting surpluses; the Annenberg Center and Intercollegiate Athletics projecting deficits; and all other schools and centers projected to break even.

**University - Restricted.** Restricted expenditures for the four-month period increased by 6.4% as compared with the same period in the prior year. Gift and Grant and contract Fund expenditures increased by 2.3% and 9.0%, respectively, while Endowment Fund expenditures decreased by 7.7%. The current balance available for grant and contract expenditures of $194.3 million is 5.7% higher than a year ago, and projected on a straight-line expenditure basis, represents 8.21 months of expendable awards, 3.1% lower than the 8.47-month backlog available at October 31, 1993.

**HUP.** For the four months ended October 31, 1994, the Hospital had an excess of revenue over expenses which was $14.4 million better than budget. Income from operations exceeded budget by over $14 million while non-operating revenue was $71,000 better than budget.

**CPUP.** The Clinical Practices’ performance for the same four-month period generated an excess of revenue over expenses which was $1.6 million better than budget, and income from operations and non-operating revenues were $700,000 and $600,000 better than budget, respectively, while Clinical Development expenses were $300,000 better than budget.
Clinical Care Associates. For the three months ended September 30, 1994, CCA had a deficit of $1.9 million, almost $1 million worse than budget. Of that amount, the loss from operations was slightly more than $800,000 worse than budget.

D. Health System Report - Dr. Kelley

Dr. Kelley reported that the prior day the Health System had held the first of three planned faculty retreats. The second, to be held April 19, will focus on research, and the third, in the fall, will focus on education. The Health System intends to follow the guidance President Rodin has provided as it reevaluates its educational process, and Dr. Kelley expects to have initiated by next fall a total reevaluation of the medical education process.

Reporting on the Health System implementation, Dr. Kelley noted that the development of Clinical Care Associates has been the highest priority to date. The Health System now has over 100 signed agreements with primary care physicians, so that it is well on the target set in the implementation plan.

III. Trustee Committee Reports

A. Budget and Finance - Mr. Fox

1. Action. A Resolution on the Acquisition of Yardley Pediatrics was approved as follows:

Management of Clinical Care Associates of the University of Pennsylvania Health System ("CCA") proposes to cause CCA to acquire Yardley Pediatrics, a physician Pediatrics practice in Yardley, 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 Yardley Pediatrics 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 Yardley Pediatrics, 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, Network Executive and the Senior Medical Director and each of them considers appropriate and in the best interest of CCA; and
FURTHER RESOLVED, that the Senior Executive, Network Executive and the Senior Medical Director 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 Valley Forge Ob/Gyn Associates was approved as follows:

Management of Clinical Care Associates of the University of Pennsylvania Health System ("CCA") proposes to cause CCA to acquire Valley Forge Ob/Gyn Associates, a physician Ob/Gyn practice in Phoenixville, Pennsylvania (the "Practice") and certain interests in the real estate occupied by the Practice.

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 Valley Forge Ob/Gyn Associates 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 the Practice and the interests in the real estate, 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, Network Executive and the Senior Medical Director and each of them considers appropriate and in the best interest of CCA; and

FURTHER RESOLVED, that the Senior Executive, Network Executive and the Senior Medical Director 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 the Acquisition of Bortin-Weiss Associates was approved as follows:

Management of Clinical Care Associates of the University of Pennsylvania Health System ("CCA") proposes to cause CCA to acquire Bortin-Weiss Associates, a physician Internal Medicine practice in Bala Cynwyd, 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 Bortin-Weiss Associates 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 Bortin-Weiss Associates, 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, Network Executive and the Senior Medical Director and each of them considers appropriate and in the best interest of CCA; and

FURTHER RESOLVED, that the Senior Executive, Network Executive and the Senior Medical Director 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.

4. *Action.* A Resolution on the Acquisition of Pediatric Medical Associates was approved as follows:

Management of Clinical Care Associates of the University of Pennsylvania Health System ("CCA") proposes to cause CCA to acquire Pediatric Medical Associates, a physician Pediatrics practice in Havertown, 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 Pediatric Medical Associates 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 Pediatric Medical Associates, 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, Network Executive and the Senior Medical Director and each of them considers appropriate and in the best interest of CCA; and

FURTHER RESOLVED, that the Senior Executive, Network Executive and the Senior Medical Director 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.

5. Action. A Resolution on Equipment, Design Fees and Other Costs Related to the Renovation of University Laboratory Animal Resources Facilities on the Third Floor of the John Morgan Building for the Institute for Human Gene Therapy, School of Medicine, was approved as follows:

The School of Medicine proposes to renovate approximately 7,100 gross square feet of space in the University Laboratory Animal Resources facilities on the third floor of the John Morgan Building. This work is needed to ensure adequate animal facilities for the Institute for Human Gene Therapy.

Based on the project schedule, approval is being requested at this time for several components of the overall project. These are estimated to cost $2,131,600, as follows: $1,247,600 for equipment (caging and HVAC); $317,000 for architectural and engineering and related fees; and $567,000 for demolition and other start-up construction costs. The total project cost will be determined in January 1995 when design documents are completed and bids are received for the renovation work. Trustee approval will then be sought for the renovation costs. The project will be funded by grants and the School of Medicine.

RESOLVED, that equipment, design fees and other costs related to the renovation of the third floor of the John Morgan Building, estimated at $2,131,600, 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 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 Renovation of the Addiction Research Center at 3900 Chestnut Street for the Department of Psychiatry, School of Medicine, was approved as follows:

The School of Medicine proposes to renovate approximately 3,300 net square feet of space at 3900 Chestnut Street for the Department of Psychiatry to provide adequate research facilities for its Addiction Research Center. The project is estimated to cost $437,200 and will be funded by the School of Medicine.

RESOLVED, that the renovation of space at 3900 Chestnut Street, estimated to cost $437,200, 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.

7. Action. A Resolution on Routine Capital Budget Items for the Hospital of the University of Pennsylvania for Fiscal Year 1995 was approved as follows:

In October 1994, the Trustees approved a supplemental capital budget authorization of $80,632,000 for the Hospital of the University of Pennsylvania for Fiscal Year 1995, bringing the total capital budget authorization for Fiscal Year 1995 to $136,868,000. The supplemental authorization included a non-itemized routine capital budget authorization in the amount of $13,633,500. Management of the Hospital proposes the approval of specific capital budget items comprising this amount. These items have been reviewed and approved by the Health System Trustee Board Executive Committee.

RESOLVED, that the itemization of the previously approved routine capital budget authorization of $13,633,500 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 items 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 Purchase of a Scalable Parallel Processing Computer for the Laboratory for Research on the Structure of Matter was approved as follows:
The Laboratory for Research on the Structure of Matter (LRSM) proposes to purchase an IBM SP2 scalable parallel processing computer for use in materials modeling. The estimated cost of the system is $675,000 and will be funded by a federal research grant, the University's Research Facilities Development Fund and LRSM operating funds.

RESOLVED, that the purchase of an IBM SP2 computer, estimated to cost $675,000, 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.

9. Action. A Resolution on the Opening and Operation of Depository Accounts at Banking Institutions was approved as follows:

Recent expansion of the University's academic programs and research activities in foreign countries and other regions in the United States has created a need to expand the University's existing banking relationships. As a result, the University intends to open new depository accounts as required to serve the needs of programs and activities operating outside of the Philadelphia area.

RESOLVED, that the Treasurer be and hereby is authorized to open and operate depository accounts at such banking institutions, and upon such terms and conditions, as the Treasurer shall determine are necessary and appropriate to the efficient conduct of the University's business, and that any actions heretofore taken by the Treasurer in furtherance of the purposes of this Resolution are hereby ratified and affirmed. The authority granted herein shall constitute all necessary approval as required by Section 3.5 of the Statutes of the Trustees and shall extend to the designation of officers and/or their associates and assistants having authority to withdraw or charge funds of the University in such depository accounts.

FURTHER RESOLVED, that the Treasurer shall annually submit to the Trustees a report identifying the banking institutions at which the University then maintains depository accounts.

10. A Resolution on the Disposition of 614 East Periwinkle Circle, Barefoot Bay, Brevard County, Florida, was approved as follows:

In 1992 the University received a one-third interest in the Estate of Vivian G. Amme as a beneficiary under Ms. Amme's will. The Estate includes a residential property (the 'Property”) located at 614 Periwinkle Circle, Barefoot Bay, Brevard County, Florida. One of the other beneficiaries of the Estate has proposed to
accept the Property as the major portion of her share of the Estate. Upon transfer of the Property to this beneficiary, the University will receive a cash distribution of $37,122 in partial satisfaction of its interest in the Estate. Of this amount, $11,666 will constitute payment for the University's interest in the Property.

RESOLVED, that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to transfer the University's interest in the Property in return for a cash distribution of $37,122 of which $11,666 will constitute payment for the University's interest in the Property and to execute and deliver a deed and all necessary affidavits and other documents required in connection with such transfer, and that any actions heretofore taken by such officers in furtherance of the purposes of this resolution are hereby ratified and affirmed.

11. Action. A Resolution on the Transfer of Aeolian Pipe Organ #1274 to Beaumont Retirement Community, Inc. was approved as follows:

In December 1986, the University received, as a gift, Aeolian Pipe Organ #1274, then valued by the donors at $375,000. The organ was custom built in 1912 and installed in the Music Room of the Austin Mansion, which is now part of the Beaumont Retirement Community, Inc., a non-profit cooperative ("Beaumont"). The gift benefited the Curtis Organ Restoration Society at the University whose members participated in the organ's restoration. Beaumont spent over $75,000 and its members dedicated hundred of hours toward the restoration effort. The University made no financial contribution.

Beaumont has petitioned the University to transfer title to the organ. Since the organ was designed for its particular location in the Music Room of the Austin Mansion, and is essentially a permanent fixture, it is unlikely the University would ever sell the organ or realize any income from its use. Further, now that the restoration is complete, the purpose of the gift has been fulfilled. The administration recommends that title be transferred to Beaumont.

RESOLVED, that transfer of title in Aeolian Pipe Organ #1274 from the University to Beaumont Retirement Community, Inc. be and the same is hereby approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, including executing a Deed transferring title, as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

B. Investment Board - Mr. Neff

Mr. Neff directed the meeting’s attention to the investment report provided in the meeting book. As that report showed, the total footings for Penn’s Associated Investment Funds (AIF) had declined a bit recently, with pressures from the fixed side, both long-term and short-term, finally affecting the stock market. The stock market had been “fat, dumb and happy” in the year
to date, with only “individual carnage” in specific companies’ and industry stocks, but this is now changing. The S&P 500 was down 0.1% for the calendar year-to-date through November 30, and would be down about 3% if the report were updated to the current date, with the stock market starting to come apart. At the same time, however, the long-term bond market has been starting to strengthen and appears to have seen its bottom.

For the NACUBO year to date, since June 30, 1994, the AIF common stocks are down 0.8%, while the S&P stocks are up 3.4%, a reversal of the usual situation. The AIF stocks, with their concentration in financial intermediaries and automobiles, are perceived as interest sensitive. This is true in part, but Mr. Neff noted that all stocks are eventually interest sensitive when there are alternatives as attractive as the bond market’s current 8.5-9% returns (though if kept to maturity these coupons would not be a good investment).

Mr. Neff reported that the stock market has recently rejected one area, basic commodity cyclicals, where Penn had earlier recognized and taken advantage of excellent opportunities. The Investment Board is now seeking to increase Penn’s equity position, currently representing 52% of the AIF, toward 60-70%, and has carved out a new auto position in recent months.

V. **Overseer and Other Boards**

The following resolutions were approved:

RESOLVED, that Robert E. Cawthorn and Elizabeth Gemmill, Esq., be appointed to the Advisory Board of the Cancer Center for three-year terms, effective December 9, 1994.

RESOLVED, that Dr. Ronald F.E. Weissman be appointed to the Board of Overseers of the University Libraries for a three-year term, effective December 9, 1994.

RESOLVED, that Joseph H. Jacovini, Esq., be appointed to the Board of Overseers of the Graduate School of Education for a three-year term, effective December 9, 1994.

There being no further business to come before the meeting, it was adjourned.

Respectfully submitted,

Barbara Ray Stevens
Vice President and Secretary
of the University