A Stated Meeting of the Trustees' Executive Committee was held at 2:00 pm Friday, March 17, 1995, in the Tea Room, Faculty Club. Trustees attending were Susan W. Catherwood, Gloria T. Chisum, Stephen J. Heyman, Natalie I. Koether, Donald N. Langenberg, John B. Neff, John N. Reardon, Judith Rodin (ex officio), Saul P. Steinberg, Myles H. Tanenbaum and P. Roy Vagelos (chair). Others attending included Barbara Beck, Stanley A. Chodorow, Virginia B. Clark, Jack E. Freeman, Karen C. Gaines, Stephen P. Golding, Constance C. Goodman, Shelley Z. Green, Samuel Hughes, William N. Kelley, William Kissick, Judy Kuehner, Lisa Levinson, Jean Avnet Morse, Ryan Papier, Edward Resovsky, Jay Saddlington, Carol R. Scheman, Steven Schutt, Riz Shavelle, 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 December 9, 1994, meeting were approved as written by the secretary.

Action........1. A Resolution on Health System Trustee Board Executive Committee Membership Requirements was approved as follows:

Intention:

As the University of Pennsylvania Health System evolves, the Executive Committee -- as the governing body -- may be required to oversee an expanded number of functions. Within the near future, Health System Leadership will recommend creation of two new boards to oversee the Management Services Organization and our network of community hospitals and other providers. To help ensure that the Executive Committee is able to exercise its mandated "oversight of the affairs of the Health System," it is important that the chairs of each of these two new boards be members of the Executive Committee.

Due to the heavy Health System-related responsibilities of the Trustees already on the Executive Committee, it is recommended that the present Executive Committee be expanded by two members in order to provide leadership for these two new boards. In order to create additional linkages with the University Trustee Board, it is recommended that the two additional members of the Executive Committee be University Trustees. Mr. Richard Censits and Mr. Raymond H. Welsh have agreed, if appointed, to serve on the Executive Committee of the Health System Board and, if selected, to Chair each of these two new Boards.

The Executive Committee recommends that Section 4.2.2 of the University of Pennsylvania Health System Bylaws be amended to add two additional Trustees to the Executive Committee of the Health System Board.

RESOLVED, that section 4.2.2 of the University of Pennsylvania Health System Bylaws be amended as follows:

4.2.2 Membership -- There shall be a maximum of fifteen thirteen members on the Executive Committee. The membership of the Executive Committee shall include three ex-officio members: the President of the University (or designee), the University Provost, and
the CEO. There shall be a maximum of twelve additional members, at least nine of whom shall be University Trustees and up to three of whom shall be Associate Trustees of the University. The CEO, who shall also be a member of the Medical Staff of HUP, shall represent the medical staff at meetings of the Executive Committee.

Action........2. A Resolution on the Appointments of Richard J. Censits and Raymond H. Welsh to the Health System Trustee Board and its Executive Committee was approved as follows:

RESOLVED, that Richard J. Censits and Raymond H. Welsh be appointed to the University of Pennsylvania Health System Trustee Board and its Executive Committee, effective March 17, 1995.

Action........3. A Resolution on the Appointment of Marilyn Ware Lewis to the Health System Trustee Board Executive Committee was approved as follows:

RESOLVED, that Marilyn Ware Lewis be appointed to the University of Pennsylvania Health System Trustee Board Executive Committee, effective March 17, 1995.

Action........4. A Resolution for Filling Vacancy in Membership of the Trustee Board of Clinical Care Associates and Appointing Dr. Michael T. Mennuti to the CCA Board was approved as follows:

Intention:

Section 4.06 of the Bylaws of the Clinical Care Associates of the University of Pennsylvania Health System (“CCA”) requires that the Chairman of the University Trustee Board appoint members to the Board of Trustees of CCA to fill vacancies in the Board membership after consultation with the Chairman of the Health System Executive Committee, the President of the University, and the Chief Executive Officer (“CEO”) of the Health System, with the concurrence of the University Trustee Board. With the departure of Mr. Wilbur B. Pittinger from the Institution, there is a single vacancy on the Board of Trustees of CCA.

The Chairman of the Health System Executive Committee has identified Dr. Michael T. Mennuti, Chairman of the Department of Obstetrics and Gynecology and Chairman of the Clinical Practices Executive Committee, as a superb candidate for the Board of Trustees of CCA, and has consulted with the CEO of the Health System about the possibility of Dr. Mennuti’s serving as a member of the CCA Board, and believes that the Health System would benefit greatly from having Dr. Mennuti assume this position. In this capacity as a member of the CCA Board, he would serve with the already existing Board members as follows:

Robert E. Cawthorn (Chairman)
Robert J. Butera, Esq.
Joel W. Eisner, M.D.
Mark A. Kelley, M.D.
William N. Kelley, M.D.
John C.S. Kepner, Esq.
Anthony S. Minisi, Esq.
Paul H. Rogers, M.D.
John P. Wynne, Jr.

RESOLVED, the Health System Executive Committee recommends to the Chairman of the University Trustee Executive Committee that Dr. Michael T. Mennuti be appointed as
a member of the Board of Trustees of Clinical Care Associates to fill a vacancy in such
Board, effective March 17, 1995.

II. President’s Report - Dr. Rodin

A. Comments

**Penn Basketball Team.** President Rodin began by congratulating the Men’s Basketball team on its splendid effort the night before at the NCAA first-round game in Baltimore. It was a brilliant game, and even in defeat the five senior starters showed they are truly a special group.

**Safety Initiative.** President Rodin noted that she was pleased to learn recently that Philadelphia is now the safest of America’s ten largest cities, according to statistics compiled by the FBI. Penn certainly shares in that accomplishment and good fortune, she noted: Penn’s Division of Public Safety recently reported a 5% decline in serious crime over the past six years. She emphasized, however, that there is still much to do. A month ago she sent a letter to the University community in *Almanac* discussing our new safety initiatives -- initiatives designed to increase Penn’s collective security. The letter reiterated her administration’s commitment to a safer learning environment and reinforced its earlier statement that “without a sense of well-being, an academic community cannot flourish.”

President Rodin reported that these new safety initiatives include developing a series of well-lit, patrolled community walks; increasing substantially the number of campus police bicycle patrols; constructing 24-hour security kiosks at strategic campus locations; and deploying security guards in buildings that have not been previously staffed. These initiatives are all underway, and her administration will build upon them in coming months. They will form the core of a long-term, comprehensive strategic plan for safety and security at Penn. The administration has convened a group of experts with long experience in university-oriented and Philadelphia security issues who have held their first meeting and will continue to advise the administration as they proceed. Combined with the many ongoing programs, these steps will promote the sense of well-being so essential to our scholarly mission.

**Graduate School Rankings.** President Rodin reported that *U.S. News and World Report* released earlier in the week its graduate school rankings for graduate schools in a number of fields (not all graduate programs are ranked). In the areas *U.S. News* ranked, five Penn graduate schools received top-tier rankings: the Wharton School, the School of Nursing, the School of Medicine, the Law School, and the Graduate School of Education. In addition, several Penn graduate programs within the School of Arts and Sciences received Top-10 rankings, including the English, Economics, and Psychology Departments, and many humanities subdisciplines were rated in the top 5. President Rodin observed that these results simply confirm what Penn already knows: that the quality, depth, and breadth of Penn’s faculty are second to none. She expressed great confidence in the future growth and success of Penn’s programs, with further strategic planning and initiatives.

**Commonwealth Budget:** President Rodin noted that funding for all of higher education remains fairly constant for fiscal 1996 in the Commonwealth’s 1996 budget, which was released recently by Gov. Ridge. The budget recommended a $35.47 million appropriation for Penn, essentially the same as the current-year allocation. Budget hearings will begin at the end of March and the final budget will be resolved by the end of June.

**Strategic Budgeting Processes:** President Rodin noted that Penn’s own strategic budgeting process would benefit from a series of strategic discussions about Penn and its future. Uncertainty about federal support for programs that directly affect universities--programs that fund research, provide aid for students, and reimburse the indirect costs of research, to name a few--is forcing Penn to think more strategically about resource allocation. Her administration has been working hard on strategic budget analyses and will continue to do so in the weeks and months ahead.

**New Appointments.** Finally, President Rodin announced a number of important new appointments at Penn. First, while Steve Schutt has been on board as her Chief-of-Staff for two months, she wanted to
take this occasion to introduce him officially to the Executive Committee. Mr. Schutt was formerly the chief-of-staff for Sen. Harris Wofford, and before that was deputy secretary of the Pennsylvania Department of Labor and Industry. He is a graduate of Penn’s Law School and has already demonstrated an instinctive understanding of Penn’s priorities and goals. In addition to overseeing the operation of the President’s Center, he is also playing an instrumental role in policy development and execution.

President Rodin also announced the appointment of Anita Jenious as the Executive Director of Penn’s Office of Affirmative Action. Ms. Jenious takes over from Sharon Moorer Harris, who President Rodin noted had done a superb job as the Interim Director of the office since the fall of 1993. Fortunately, Ms. Harris has accepted another position at Penn, as the Assistant Manager of Staff Relations, so that the University will retain her talent and enthusiasm. Ms. Jenious, who will also begin her duties in April, is currently the assistant director of the Opportunity Development Center at Vanderbilt University. As a lawyer who also has significant administrative experience, she brings energy and commitment to a critical position on campus.

President Rodin had two appointments to recommend to the trustees:

Executive Vice President. Dr. Rodin was pleased to recommend the appointment of John Anderson Fry, who has been selected as Penn’s new Executive Vice President, effective April 1. John is presently partner-in-charge of the National Higher Education Consulting Services practice of Coopers & Lybrand. He brings to Penn a wealth of experience in higher education management issues, having worked with over 100 public and private institutions over the last decade, including Columbia, Harvard, Yale, the University of California, and most importantly, with Penn itself. As the leader of the Coopers & Lybrand team that recently submitted recommendations for Penn’s administrative restructuring, he worked with members of the University community, and has a valuable understanding of Penn’s culture, priorities, and resources. President Rodin was confident that Mr. Fry would help Penn meet its goals of cutting costs, improving efficiency, and increasing productivity -- so that Penn can continue in its role as a preeminent international center of learning and research.

President Rodin also commended Dr. Jack E. Freeman, whose contributions as Acting Executive Vice President since last summer have been of critical importance. She thanked Dr. Freeman on behalf of the entire University, noting that his experience and sure hand helped guide Penn through an important transition period. Dr. Freeman was accorded warm applause.

Action........1. A Resolution on Appointment of John Anderson Fry as Executive Vice President was approved as follows:

RESOLVED, that John Anderson Fry be appointed Executive Vice President of the University, effective April 1, 1995.

Dean, Graduate School of Education. As President Rodin had reported earlier this year, Dr. Susan H. Fuhrman has been recommended as the next Dean of the Graduate School of Education, effective July 1. Dr. Fuhrman is currently Professor of Education Policy in the Eagleton Institute of Politics at Rutgers University. I am confident that, under Dr. Fuhrman’s stewardship, the Graduate School of Education will continue to strengthen its research and professional programs and enhance its leadership role in every aspect of education.

Action........2. A Resolution on Appointment of Susan Fuhrman as Dean of the Graduate School of Education was approved as follows:

RESOLVED, that Susan H. Fuhrman be appointed Dean of the Graduate School of Education, effective July 1, 1995.

Dr. Rodin thanked the members of the search committees who devoted so much time to bringing these outstanding new recruits to Penn. These appointments bring Penn even closer to its goal of assembling the best administrative team in American higher education, she noted.
B. Academic Report - Provost Chodorow

1. Comments

**Penn Press.** Provost Chodorow reported that Dr. Thomas Rotell had resigned as director of the University of Pennsylvania Press. Dr. Rotell has accepted a position with Texas A&M University Press; associate director Timothy Clancy has been named Acting Director. A search committee has been appointed and will be chaired by Prof. Stuart Curran of the English Department. The committee hopes to complete its work by the end of May.

**Chaplain Johnson.** Provost Chodorow also reported that Rev. Stanley H. Johnson had announced his retirement after 34 years of extraordinarily wonderful service to the University as its Chaplain. A working group has been appointed to review the position of Chaplain at this time. Jane Lowe, an Assistant Professor in the School of Social Work, has agreed to chair this group.

**Admissions.** Provost Chodorow was pleased to report that the number of students applying to the University for admission next fall is breaking records for the second year in a row. Over 15,000 applications have been received for admission to the Class of 1999, a 9.9% increase over last year’s record high of 13,739. The pool is stronger, as well, with an SAT score of 1252, ten points higher than last year. Early reports are that applications to the Law School are up 6% in a year in which every other major law school is experiencing declines, and the Wharton School MBA program, named the nation’s #1 MBA program in *Business Week* last fall, has experienced a 50% increase in applicants.

**Honors.** Lila Gleitman, Professor of Psychology, has been named 1994 Fyssen Prize laureate for her work in infant language acquisition and developmental psychology. The award will be given in Paris on April 14. The Fyssen Foundation is a French organization that encourages scientific inquiry into cognitive mechanisms. Provost Chodorow also noted that in addition to the two President’s Young Investigator Award recipients he had reported on in January, Sabine Iatridou, Assistant Professor in the Linguistics Department, has also been accorded a President’s Young Investigator Award.

**Middle States Accreditation Visit.** This is the year for Penn’s decennial accreditation process. The Provost reported it will be held April 9-12 and will focus on undergraduate education. The visiting team of nine educators from peer institutions is headed by William C. Richardson, President of Johns Hopkins; Thomas Burish, Provost of Vanderbilt, is the assistant chair. A Penn advisory group of eight faculty and two students has been helping to prepare for the visit; in addition, faculty and staff within the four undergraduate schools helped prepare the self-study. Much of the planning for the Middle States visit has fallen to Susan Shaman, Assistant Vice President for Planning and Analysis, and based on his own experience with this process the Provost commended the wonderful job she is doing. The team will meet with a group of trustees as well as students, faculty and staff.

**ENIAC 50th.** The Provost reported that Vice President Al Gore has agreed to serve as honorary chairperson of the celebration in 1996 of the 50th anniversary of ENIAC, the world’s first electronic computer, which was created at Penn’s Moore School in 1946. Numerous events and programs are being planned both on the campus and elsewhere.

2. Action. Introducing the Resolution on Appointments, Leaves, and Promotions provided at pp. 7-36 of the meeting book, the Provost noted that among the appointments included in the resolution were several of particular note:

- Jeremy A. Sabloff C’64, Director of the University of Pennsylvania Museum since July 1, was being proposed as Professor of Anthropology. Dr. Sabloff earned his Ph.D. at Harvard in 1969 and joins Penn from Pittsburgh, and in the very week he was offered a position at Penn he was elected to the National Academy of Sciences. Dr. Chodorow noted that in addition to being an
extraordinarily distinguished scholar and internationally of Mayan civilization, Dr. Sabloff has also written wonderful works on the history of archaeology, which books he recommended to the trustees as fascinating reading.

- Alan M. Polson was being proposed as Professor of Periodontics in the School of Dental Medicine and also as the D. Walter Cohen Professor of Periodontology and chair of the Department of Periodontics. Dr. Polson was educated at the University of London (DD.S. 1968) and has spent a large part of his career at the Eastman Dental Center in Rochester, NY. In recent years he has been in Colorado as director of Clinical Research at Atrix Laboratories, Inc. He is nationally and internationally known and highly regarded for his research and scholarship, and is also an outstanding teacher and mentor, who brings to his students a balance between basic science and clinical experience.

- Charles P. Emerson, Jr., has been proposed as the Joseph Leidy Professor of Cell and Developmental Biology in the School of Medicine and Chair of the Department of Cell and Developmental Biology. He earned his Ph.D. at UC-San Diego in 1970 and then joined the faculty of University of Virginia, where he rose through the ranks and became a distinguished member of their faculty. In 1991 he joined Fox Chase in Philadelphia and became an adjunct faculty member at Penn, and also a member of the Pennsylvania Muscle Institute.

- John R. Stanley was being recommended as the Milton Bixler Hartzell Professor of Dermatology in the School of Medicine and Chair of the Department of Dermatology. He joins Penn from the NIH, and has done a series of extraordinarily important experiments and studies resulting in 66 original papers in leading review journals. He lectures frequently at national and international presentations.

- Finally, Dr. Chodorow himself (Ph.D. Cornell 1968) was being proposed as a Professor of History in the standing faculty of the School of Arts and Sciences. The Resolution was approved upon motion duly made and seconded.

C. Financial Report - Dr. Freeman

Dr. Freeman 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 February 28, 1995. In addition, the report covered the operating performance of HUP and CPUP for the seven months ended January 31, 1995, and the performance of Clinical Care Associates for the six months ended December 31, 1994.

University - Unrestricted. Dr. Freeman reported that as of the end of eight months of the fiscal year, the University projects a breakeven performance for the General University Unrestricted operations after the approved, budgeted, discretionary allocation to the Research Fund of $1.3 million and after the budgeted mandated Graduate Hospital deficit amortization of $97,000. Positive factors affecting performance include graduate tuition, summer and special tuition, indirect cost recovery, and savings in salary expenses, direct centers’ current expense, graduate student aid expense and utility expense. Negative factors include downturns in indirect cost recoveries, grants, sales revenue, gift income, General University tuition, the unfunded University loan to School of Veterinary Medicine and several other expense categories.

Collectively, the schools and centers are projected with a surplus of $800,000, with four schools (Nursing, the Graduate School of Education, the School of Social Work and the Graduate School of Fine
Arts) projecting net 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 eight-month period increased by 8.5% as compared with the same period in the prior year. Gift fund and Grant and contract fund expenditures increased by 11.8% and 9.9%, respectively, while Endowment fund expenditures decreased by 4%. The current balance available for grant and contract expenditures of $179.2 million is 7.5% higher than a year ago, and projected on a straight-line expenditure basis, represents 7.59 months of expendable awards, 2.2% lower than the 7.76-month backlog available at February 28, 1994.

**HUP.** For the seven months ended January 31, 1995, the Hospital had an excess of revenue over expenses which was $31.98 million better than budget. Income from operations exceeded budget by over $29 million while non-operating revenue was $2.4 million better than budget.

**CPUP.** The Clinical Practices’ performance for the same seven-month period generated an excess of revenue over expenses which was $2.8 million better than budget, and income from operations and non-operating revenues were $1.1 million and $1.2 million better than budget, respectively, while Clinical Development expenses were $513,000 below budget.

**Clinical Care Associates.** For the six months ended December 31, 1994, CCA had a deficit of $3.97 million, $2.5 million worse than budget. The total loss before amortization and depreciation expense was $2.3 million, $2.77 million worse than budget. Amortization and depreciation expense was $1.68 million, $280,000 better than budget.

**D. Health System Report - Dr. Kelley**

Dr. Kelley reported that Mr. Gavin Kerr had joined the Health System to head its Human Resources department. Mr. Kerr received his undergraduate degree from Colgate University and a graduate degree from Princeton, and has been with the Human Resources Division at Pepsi Co. for the past seven years. At Pepsi Co. he most recently headed the Pilots in Reengineering for Sales, Service and Finances, and the Health System is delighted to have him aboard.

**III. Trustee Committee Reports**

**A. Audit - Mr. Reardon**

Mr. Reardon reported that at its meeting held on March 13, the Audit Committee reviewed and discussed with members of the Coopers & Lybrand audit team C&L’s management letters from the June 30, 1994, audit of the financial statements for the University, the Hospital, CPUP and CCA. The Committee also reviewed Coopers & Lybrand’s proposal for the 1995 audit, discussed the report of the Internal Audit Department, discussed future requirements of the Financial Accounting Statements Board and the General Accounting Office for financial reporting, and discussed the University’s internal control policies.

**Action.........1. A Resolution on Engagement of Coopers & Lybrand as Public Accountant was approved as follows:**

**Intention:**

Independent accountants are engaged annually to express an opinion as to whether the financial statements, as prepared by management, considered in their entirety, present fairly, in all material aspects, the University’s financial position, changes in fund balances and current funds revenue, expenditures and other changes, in conformity with generally accepted accounting principles. The Trustees of the University of Pennsylvania, through its Committee on Audit, is responsible for engaging the independent accountants.
RESOLVED, that Coopers & Lybrand be and hereby are appointed as independent accountants to audit the financial statements of the University of Pennsylvania for fiscal year 1995.

B. Budget and Finance - Mrs. Catherwood

Mrs. Catherwood reported that prior to its Stated Meeting that morning, the Budget and Finance Committee met in Executive Session to discuss potential real estate acquisitions. At the Committee’s stated meeting it reviewed financial reports for FY95, received a report from Diane-Louise Wormley on University’s Mortgage Program, and received and discussed a report from Ben Hoyle on the University’s fiscal 1996 budget planning process.

Action........1. A Resolution on Tuition, Fees and Other Charges for Academic Year 1995-96 was approved as follows:

Intention:

The administration proposes to establish the following tuition, fees and other student charges for academic year 1995-96:

For undergraduates, tuition, fees, room and board will total $26,864. This includes tuition of $17,974, a general fee of $1,674, a technology fee of $250, an average room rate in the residence halls of $4,342, and a dining charge for the 15-meal plan of $2,624.

For graduate students, tuition and fees will total $20,846. This includes tuition of $19,568 and a general fee of $1,278. For professional schools, tuition will be determined administratively to reflect the budget requirements of the various schools. The general fee for professional school students will be $1,008.

RESOLVED, that for academic year 1995-96, total undergraduate charges will be $26,864, including tuition of $17,974, a general fee of $1,674, a technology fee of $250, an average room rate in the residence halls of $4,342, and a dining charge for the 15-meal plan of $2,624; tuition and fees for graduate students will be $20,846; professional school tuition will be determined administratively to reflect the budget requirements of the various schools and the general fee for professional school students will be $1,008; and part-time tuition and fees rates will be determined administratively and will increase proportionately.

Action........2. A Resolution on Renovations to the Sixth through Ninth Floors of Blockley Hall for the Department of Biostatistics and Epidemiology and the Center for Clinical Epidemiology and Biostatistics, School of Medicine, was approved as follows:

Intention:

The School of Medicine proposes to renovate the sixth through ninth floors of Blockley Hall (approximately 38,940 gross square feet of space) in order to provide adequate facilities for the Department of Biostatistics and Epidemiology and the Center for Clinical Epidemiology and Biostatistics. The estimated total project cost based on bids is $4,526,110 and will be funded by the School of Medicine.

RESOLVED, that renovations to the sixth through ninth floors of Blockley Hall, estimated to cost $4,526,110, 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.

Action.........3. A Resolution on Residential Communication Wiring Program, Phase III, was approved as follows:

Intention:

The University has established ResNet, a program providing students in its campus residences access to PennNet, cable television and telecommunications systems. Phase III of this program extends ResNet to Van Pelt House, DuBois House, Stouffer Triangle, Hill House and Mayer Residence Hall. The scope of the work includes the design and construction of communication pathways and the installation of wiring and electronics. The estimated cost of Phase III is $2,422,000, and will be paid from project funding sources.

RESOLVED, that the Residential Communication Wiring Program, Phase III, estimated to cost $2,422,000, be and the same hereby is approved in accordance with the proposals presented, 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 Phase III of the project as presented to the Budget and Finance Committee - as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

Action.........4. A Resolution on the Disposition of the Ennis Estate Properties in Northern Virginia was approved as follows:

Intention:

In 1994 the University received partial interests in various parcels of real property formerly held by trusts established under the wills of Mita Ennis and Alfred G. Ennis respectively. The property included the following parcels:

A. 1001 Lebanon Street, Arlington, Virginia
B. 866 North Livingston Street, Arlington, Virginia
C. 1023 N. McKinley Road, Arlington, Virginia
D. 2791 Washington Boulevard, Alexandria, Virginia
E. 7500 Brad Street, Falls Church, Virginia
F. 938 North Madison Street, Arlington, Virginia
G. 1514 North Longfellow, Arlington, Virginia
H. 2205 Grayson Place, Falls Church, Virginia
I. 316 South Garfield Street, Arlington, Virginia
J. 3813 Fairfax Parkway, Alexandria, Virginia

The remaining interest in the properties is held by a Sandra Roupp. The University has agreed with Ms. Roupp to divide ownership of the properties as set forth below:

1. The University will transfer all of its interest in properties A, B, C and D to Sandra Roupp.

2. Sandra Roupp will transfer all of her interest in properties F, G, H and I to the University.

Ms. Roupp will also pay $320,000 in cash to the University.
Upon completion of the transfers contemplated by this resolution, the University will be the sole owner of properties F, G, H and I, and Sandra Roupp will be the sole owner of properties A, B, C and D.

Properties E (7500 Brad Street) and J (3813 Fairfax Parkway) are the subject of separate transactions and are not affected by the transfers described above.

RESOLVED, that the Executive Vice President and any other appropriate officers of the University be and they hereby are authorized to transfer the University's interest in properties A, B, C and D to Sandra Roupp in exchange for Sandra Roupp's interest in properties F, G, H and I plus a cash payment of $320,000 to the University and to execute and deliver deeds, necessary affidavits and all other documents required in connection with such transfers and that any actions heretofore taken by such officers in furtherance of the purposes of this resolution are hereby ratified and affirmed.

Action........... 5. A Resolution on the Disposition of 3813 Fairfax Parkway, Alexandria, Virginia, was approved as follows:

Intention:

In 1994 the University received a partial interest in property located at 3813 Fairfax Parkway, Alexandria, Virginia (the "Property") as a beneficiary of certain trusts established under the wills of Mita Ennis and Alfred G. Ennis respectively. The University has received an offer to purchase the Property for a total purchase price of $150,350. The University will receive 78.875% of the net proceeds from the sale of the Property.

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 total purchase price of $150,350 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.

Action........... 6. A Resolution on the Sale of an Agricultural Development Easement for Property in Cranbury Township, New Jersey, was approved as follows:

Intention:

In 1986, the University received a 25% interest in a 134.7-acre parcel of real property (the "Property") in Cranbury Township, New Jersey as a beneficiary under the will of Raymond L. Simmons. The University has received an offer from Middlesex County, New Jersey ("Middlesex County") to purchase an easement interest in the Property which will limit use of the Property to agricultural purposes. Middlesex County has offered to pay $1,041,232 for the easement. The University's share of the purchase price is $260,308.

RESOLVED, that the Executive Vice President and any other appropriate officers of the University be and they hereby are authorized to proceed with the sale and conveyance of an Agricultural Development Easement in the Property for a total purchase price of $1,041,232 and to proceed with the execution and delivery of a Deed of Easement 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 Board - Mr. Neff
Mr. Neff directed the meeting’s attention to the investment report provided in the meeting book. As that report showed, the market value of the Associated Investment Fund at March 9, 1995, was $1.1 billion. Including the Separately Invested Funds, the value of the endowment is more than $1.5 billion. Since December 31, 1994, the amount of the AIF invested in equities has been reduced from 53% to 51%, reflecting both “profit-taking” and the evolution of the management of the endowment in anticipation of Mr. Neff’s retirement next year. Seventy-five million dollars will be placed with an outside advisor, to permit the Board to assess how the advisor does both quantitatively and qualitatively over the next two years. This will increase the equity position by 6.5%.

Mr. Neff compared the total return performance since June 30, 1994, of 3.6% to the S&P stock average return of 10.9%. Due to its low Price to Earnings Ratio philosophy, the portfolio will ebb and flow; it is nonetheless disappointing that it has recently “ebbed more than it’s flowed.” One of the reasons for this is that consumer nondurables—drugs, medical products, food, beverages, tobacco, household products, etc.—which make up about 20% of the S&P 500, have underperformed for several years but have recently done quite well. These are high Price to Earnings Ratio stocks by the Board’s standards, too slow growing (unit growth is quite ordinary) and populated by “deep-pocketed adversaries.” Also, consumers have become more sophisticated and less willing to pay high prices as grocery prices ratchet up. Therefore, Mr. Neff believes the recent high performance in this area will be of short duration.

Mr. Neff pointed out that, ironically, the Board’s predictions for the economy have been largely borne out: it has started to ratchet down a bit, and the 2.5-3% constant-dollar GDP outlook for CY95 seems to be gathering consensus. Also, interest rates have come down about 80 basis points. These factors should qualify the portfolio for a somewhat better register than it has received, Mr. Neff said. Otherwise, he noted that financial intermediaries have done fairly well, with the exception of one bank, but that cyclicals have not. There are, he noted, still 3-1/2 months left in the current fiscal year to show somewhat better numbers.

V. Overseer and Other Boards

The following resolutions were approved:

RESOLVED, that Carolyn Hoff Lynch be appointed to the Board of Overseers of the School of Arts and Sciences for a three-year term, effective March 17, 1995.

RESOLVED, that Sharon Rich be appointed to the Board of Overseers of the School of Social Work for a three-year term, effective March 17, 1995.

RESOLVED, that Lawrence Zicklin be appointed to the Board of Overseers of the Wharton School for a three-year term, effective March 17, 1995.

RESOLVED, that Dennis J. Curran be appointed a member of the Board of Associate Alumni Trustees (Northeast Region) for a three-year term, beginning March 17, 1995.

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