

I. Call to Order - Dr. Vagelos

A. Invocation. Rev. Stanley Johnson offered the invocation for the meeting.

B. Minutes. The minutes of the Trustees’ Stated Meeting held January 20, 1995, were approved as written by the Secretary.

II. Chair’s Report - Dr. Vagelos

New Trustees. Dr. Vagelos welcomed new trustees Charles Heimbold, who was elected a Term trustee in January, and Edwin Krawitz and Arthur Makadon, who were appointed Commonwealth trustees in March.

Governance. Dr. Vagelos reported that the trustees had met that morning in plenary session to discuss the report submitted by the Trustees’ Ad Hoc Committee on Governance he had formed this past winter. With a new chair and new president, Dr. Vagelos had felt the time was right to look at many of the issues and questions relating to how to ensure the trustees fulfill their governance role as effectively as possible. The committee, chaired by Russ Palmer, worked hard throughout the winter and spring and prepared an excellent report, which the trustees gave thoughtful consideration and with which they largely agreed. Some of its recommendations, such as equalizing the length of terms among the various classes of voting trustees, will require modest modifications to the statutes which will be presented at the Fall meeting; other of the recommendations deal with administrative matters and do not require statute revision to be implemented. Dr. Vagelos thanked Mr. Palmer and the rest of the Committee on behalf of the trustees for their fine work.

Action....1. A Resolution on the Election of Robert A. Fox as a Charter Trustee was approved as follows:

RESOLVED, that Robert A. Fox be elected a Charter trustee, effective June 16, 1995.

Action....2. A Resolution Reappointing Donald N. Langenberg for an Additional Term as a Term Trustee was approved as follows:

RESOLVED, that Donald N. Langenberg be reappointed as a term trustee for an additional five-year term.
Action....3. Dr. Vagelos introduced a Resolution of Appreciation for John N. Reardon, who would be completing his chairmanship of the General Alumni Society and his term as a trustee at the end of the month. He thanked Mr. Reardon for his terrific work on behalf of Penn and expressed on behalf of the trustees their hope that Mr. Reardon would continue his active participation in the University, which benefits tremendously from his considerable talents and energy. The following resolution was unanimously approved:

It is particularly appropriate that, as president of the General Alumni Society for the past three years, John N. Reardon (W'51, WG'56) has led so many alumni and friends of Penn in the singing of *The Red and Blue*. Not only was he well prepared by his membership in the Glee Club and Penn Pipers as an undergraduate, he is also one of Penn’s most “loyal classmates in hall and campus through.” Through his own example and with his abundant affection and enthusiasm for Penn, he has led many of his fellow Pennsylvanians to become more actively involved in “dear old Pennsylvania.”

Jack has brought tremendous energy to both his leadership of the General Alumni Society and his service as a trustee, the same energy he brought to his long and highly successful leadership of Wharton alumni activities and giving. He has met with thousands of alumni of all ages and backgrounds at events on campus and across the country, at the same time being one of Penn’s most active trustees, keeping well informed on the full range of University issues and sharing with the Trustees’ Executive and External Affairs Committees constructive and thoughtful ideas developed from the many hours he has spent with alumni. He also brought to the Trustees’ Committees on Audit and Budget and Finance the considerable financial acumen developed over his long and successful career in accounting.

RESOLVED, that the Trustees of the University of Pennsylvania, on behalf of themselves, the overseers, administration, faculty, students and alumni of the University, lift up their hearts and voices to John N. Reardon in grateful appreciation for his exemplary service as a Trustee of the University and as President of the General Alumni Society.

Mr. Reardon was accorded a warm ovation.

Action....4. Dr. Chisum introduced a Resolution on the Reelection of P. Roy Vagelos as Chairman of the Board of Trustees, which was approved as follows:

RESOLVED, that P. Roy Vagelos be reelected chairman of the Trustees of the University of Pennsylvania for a one-year term effective July 1, 1995.

Action....5. A Resolution on the Reelection of Susan W. Catherwood and Gloria Twine Chisum as Vice Chairs of the Board of Trustees was approved as follows:

RESOLVED, that Susan W. Catherwood and Gloria T. Chisum be reelected vice chairs of the Trustees of the University of Pennsylvania for one-year terms, effective July 1, 1995.

Action....6. Dr. Vagelos introduced a Resolution on the Election of the Executive Committee, noting the addition to the Committee of Ms. Howard (replacing Mr. Reardon as the General Alumni Society Chair and therefore on the Executive Committee) and Ms. Mitchell. The resolution was approved as follows:

RESOLVED, that the following Trustees be elected members of the Executive Committee for one-year terms effective July 1, 1995: Susan W. Catherwood, Gloria Twine Chisum, Robert A. Fox, Stephen J. Heyman, Elsie S. Howard, Natalie I. Koether, Donald N. Langenberg, Paul F. Miller, Jr., Andrea Mitchell, John B. Neff, Russell E. Palmer, James S. Riepe, Alvin V. Shoemaker, Saul P. Steinberg, Myles H. Tanenbaum and P. Roy Vagelos.

Action....7. Finally, Dr. Vagelos introduced a Resolution of Appreciation for Rev. Stanley E. Johnson, who was retiring, after 34 years of exemplary service to Penn, to his new home in West Philadelphia and his new parsonage
on Nantucket. He announced with pleasure that the trustees had determined to award to Chaplain Johnson the E. Craig Sweeten Award for Distinguished Service, which was created in 1981 to honor extraordinary service to the University by administrators. Since it was awarded to Mr. Sweeten, the award was only awarded on one other occasion, to Vice President William G. Owen upon his retirement in 1987. Dr. Vagelos noted that the trustees had let Craig Sweeten and Bill Owen, friends of the Chaplain’s, in on their plans to present the Chaplain with the Sweeten Award, and those prior recipients were delighted that he would join them as the third recipient of this award. The following resolution was then unanimously approved:

In the 34 years he has served as the University’s Chaplain, Rev. Stanley E. Johnson has become one of the best known and best loved members of the Penn family. Thousands and thousands of students and their families, along with faculty, staff, alumni and friends of Penn, have enjoyed the grace and words of wisdom he brings to convocations and other Penn events—and his frequent sideline presence at athletic events. Many have personal reason to be grateful to him for his compassion and guidance at difficult moments in their lives.

Chaplain Johnson’s services to the University have included being Dean of Admissions and a valuable member of many University committees, such as Community Relations, Student Affairs, and Recreation and Intercollegiate Athletics, and being a counselor to Presidents and other officers. Not only through formal responsibilities, but through informal ones as well, he has given encouragement to numerous University students by his enthusiastic and encouraging presence. His compassion and humanity are traits he shares with his wife, Sally, who has earned the respect and affection of all who have come to know her through her professional and volunteer work for the University and West Philadelphia.

THEREFORE, the Trustees of the University of Pennsylvania record, on behalf of themselves, the overseers, administration, faculty, students, and alumni, their gratitude and affection for Stanley and Sally Johnson, and their delight that the University will continue to enjoy the Johnsons’ presence in the University community as they take up residency in their new West Philadelphia home as well as a new parsonage on Nantucket; and it is

RESOLVED, that the Trustees confer upon Rev. Stanley E. Johnson the E. Craig Sweeten Award for Distinguished Service to the University of Pennsylvania.

Dr. Vagelos, President Rodin and Provost Chodorow presented Rev. Johnson with a framed version of this resolution, accompanied by a standing ovation from the trustees.

III. President's Report - Dr. Rodin

A. Comments

President Rodin reported briefly on some of the major accomplishments of what had been a busy and productive semester.

Budget and Commonwealth Appropriation. President Rodin reported that she and her administration had successfully balanced the budget for fiscal year 1996, which had been presented to the Budget and Finance Committee and would be voted upon by the full board later in the meeting. To do so, they had to work very hard to reduce core administrative costs so that Penn could begin reaping the benefits of administrative restructuring. She assured the trustees that these cost containment efforts will accelerate over the years ahead. She also noted that Penn had experienced the lowest growth in unrestricted funds in over a decade, largely influenced by the strategic decision to cut the increase in student costs to its lowest percentage in over 20 years. With this as background, she was delighted to have been able to craft a balanced budget that begins to position Penn for the challenges that lie ahead.

Major Initiatives. Several major initiatives announced this year are well underway and beginning to show results, the president reported:
• **Administrative Restructuring.** Penn has already realized $2.7 million in savings from its initial efforts in administrative restructuring and expects these savings to swell in the years ahead. Implementation teams of staff and faculty are already hard at work on the Phase I improvements in the restructuring plan.

• **Undergraduate Education.** Under the leadership of the Provost’s Council on Undergraduate Education, the first phase of planning for the 21st Century Project on the Undergraduate Experience has been completed. Next year, the Council of Undergraduate Deans will take charge of implementing pilot projects which will test the ideas and models developed over the past year.

• **Campus Safety.** The new security measures announced last February are being implemented. These include Community Walks, security and information kiosks, and increased bicycle patrols. The responses to these initiatives from students, faculty and staff have been very positive.

• **Campus Center.** With the largest single gift for campus life in Penn’s history, trustee Ron Perelman has enabled Penn to put the Campus Center project back on a very fast track. President Rodin also reported that the project will be enhanced by a new and very generous gift from trustee Steve Wynn. The Perelman Quadrangle will create a campus center which is indeed worthy of this great institution.

• **Civility.** One of the most important accomplishments this year has been continued improvement in the level of civility and dialogue within the campus community. President Rodin reported that her administration has consistently fostered debate and discussion when incidents occur. As a result, those who once looked to the administration to condemn every violation of good taste and respectful discourse are now taking on the responsibility of constructively engaging those with whom they disagree. One faculty member, who started out feeling “deeply disappointed” by the administration’s commitment to the widest possible freedom of expression, recently wrote a letter to President Rodin which concluded that “the spirit of civil discourse and of respect for all members of the human community was advanced.” President Rodin reiterated her commitment to continuing that progress.

**Searches.** In other administrative areas, the administration is continuing to make excellent progress. The searches for a Vice President for Human Resources is very near conclusion, and the search for the Director of the African-American Resource Center continues actively. President Rodin hopes to conclude both searches by the early fall.

**Dean Reappointments.** Finally, President Rodin offered resolutions for the reappointment of two of Penn’s finest deans.

*Action:* 1. The first resolution was for the reappointment of Colin Diver as Dean of the Law School. President Rodin noted that Dean Diver has led the School to great heights over the past five years. He has enhanced the School’s research programs and interdisciplinary linkages, brought Nicole E. Tanenbaum Hall and the Law Library projects to successful completion, created a wonderful atmosphere of collegiality within the School, recruited excellent scholars, and stimulated increased alumni interest, involvement and commitment. The Provost and President Rodin had received the report of the Dean’s Review Committee, and are confident that under Dean Diver’s continued leadership, the Law School will continue to strengthen its research and professional programs and to enhance its leadership in legal education. The Resolution on the Reappointment of Colin Diver as Dean of the Law School was then approved as follows:

RESOLVED, that Colin S. Diver be reappointed dean of the Law School for a five-year term, effective July 1, 1996.

*Action:* 2. The second resolution was for the reappointment of Kathleen Hall Jamieson as Dean of the Annenberg School for Communication. President Rodin reported that Dean Jamieson has done an exemplary job of bringing high energy, standards, and visibility to her deanship. She has ably led her faculty in relating their scholarly research to contemporary issues in communications and society. She has also in her own work combined
hard-nosed scholarly rigor with incisive analysis, making the Annenberg School an exemplar of the integration of theory and practice. The Provost and I have received the report of the Dean’s Review Committee, and we are very confident that under Kathleen’s energetic leadership, the faculty of the Annenberg School for Communication will continue to strengthen its research and professional programs and will enhance its leadership in addressing some of the more critical issues in our society.

A Resolution on the Reappointment of Kathleen Hall Jamieson as Dean of the Annenberg School for Communication was accordingly approved as follows:

RESOLVED, that Kathleen Hall Jamieson be reappointed dean of the Annenberg School for Communication for a five-year term, effective July 1, 1996.
B. Academic Report - Dr. Chodorow

1. Comments

Other Dean Reviews. The Provost reported that, aside from the reviews that were carried out in the case of Deans Diver and Jamieson, a review has also been carried out for School of Dental Medicine Dean Raymond Fonseca. That review had just been received from the Committee, and he and the president will be bringing forth an action in the future.

Provost’s Office. As had been reported, Michael Wachter, a long-time member of the faculty in Economics and Law, has been appointed Deputy Provost, and the Provost is now chairing a committee to search for an Associate Provost for Faculty and Personnel Relations. That search should be completed in the very near future. A search committee is also at work to find a permanent Vice Provost for University Life. That committee is chaired by Dr. Dennis DeTurck, Professor of Mathematics, and has been meeting since early May. The Provost expects that committee to report to him over the summer.

Other Searches. The search for a new director of the University of Pennsylvania Press, chaired by Dr. Stuart Curran, Professor of English, is also at work and progressing well toward the task of finding the right person to take the place of Thomas Rotell.

Departmental Name Change. Provost Chodorow reported that he had approved a recommendation from the Dean and Faculty of the School of Dental Medicine that the name of the Department of Anatomy and Histology be changed to the Department of Cell Biology, another sign of the times.

Graduate Groups. In addition, the School of Medicine has established a new graduate group, Epidemiology and Biostatistics, and the School of Engineering and Applied Science has terminated its graduate group in transportation.

Capital Projects. The Provost reported that the committees that are going to shape the Perelman Quadrangle project have now started to meet and will be meeting frequently from this point on to work with the architect to bring about a successful and speedy conclusion to that project. He also reported that it was expected that closure would be reached very shortly on the internal organization and renovation of College Hall.

Honors. Provost Chodorow reported that Dr. Timothy Swagger, Associate Prof. of Chemistry, was one of 16 faculty across the country accorded the Camille Dreyfus Teacher-Scholar Award for 1995. The award carries with it a $60,000 grant of which $5,000 is allocated to the Department of Chemistry for undergraduate educational purposes.

Dr. Martin Seligman, professor in the Department of Psychology, has been accorded the James McCann Catell Fellow Award for 1995 as well as the William James Fellow Award from the American Philosophical Society.

Dr. Ann Matter, professor and chair of Religious Studies, has been awarded the first Outstanding Teaching Award by the College Alumni Society, the oldest of the University’s alumni organizations. The CAS sent surveys to members of the Class of the 1985 asking them to suggest a professor “whose knowledge, teaching style, philosophy and advice really made a difference in your life.”

Dr. John Glick, professor of medicine and director of the University of Pennsylvania Cancer Center, was recently named president of the American Society of Clinical Oncology.

Dean Kathleen Hall Jamieson has been named to a panel examining undergraduate education within the research university, a group that is being supported by the Carnegie Foundation for the Advancement of Teaching.
Finally, the University’s football and basketball teams were winners of the 1994 John Wanamaker Athletic Award. The award is presented annually to the athlete, team or organization that has done the most to reflect credit upon Philadelphia.

Action....  2. Introducing the Resolution on Appointments, Leaves, and Promotions provided at pp. 10-46 of the meeting book, the Provost noted that he had reviewed the files on all the faculty members included in the large list of appointments and could attest to the extraordinary calibre of faculty represented. The Resolution was approved upon motion duly made and seconded.

C. Admissions - Dean Stetson

Dean Stetson reported that in selecting the Class of ’99, Penn was able to choose from a record number of applications, 15,070, up almost 10% over the prior year. The number of applications received was an all-time record and led to the lowest admission rate ever, 33%, which may be even lower next year. Acceptances of Penn’s offer were coming in more positively than anticipated, it having been thought that competition for this extraordinary group would be higher. In fact, it appears the class will number around 2350, slightly higher than the target of 2320.

The students admitted for the Class of ’99 are in the top 4% of their high school classes, an extraordinary performance level. The SAT level is about 10 points higher than last year, and Achievement scores about 7% higher. Nine percent are from the international community, 35% are from minority group backgrounds, and 49% are women. This is the second year in a row that women have been represented at this level, and this year there has been a major increase in the number of women admitted to Engineering and Wharton.

Forty-six states are represented (two of the unrepresented states continue to be North and South Dakota), and Pennsylvania remains the largest state represented, which Dean Stetson noted has always been Penn’s target and focus. The number of Philadelphians admitted increased by 13%. Alumni admissions are expected to account for 12% of the class.

The University made real gains this year in attracting students who were also recruited by peer schools like MIT, Duke, Northwestern, Georgetown and the Ivies, with the possible exception of Harvard. Dean Stetson noted that because of the strong level of acceptances, the possibility of admitting students from the wait list would be limited.

Dean Stetson reported that Penn admissions officers continue to travel jointly with Harvard, Duke and Georgetown. They saw 25,000 students and parents whom Penn might not otherwise have seen last year and expect to double that this coming year. They also saw 2,500 guidance counselors, and expansion is expected to continue in that area, too.

Dean Stetson expressed appreciation to all the alumni whose work interviewing prospective students around the country was so important to the extraordinary admissions results this year. Some 4,000 alumni interviewers contribute large amounts of their time and energy to this process. Their efforts, as well as those of the faculty, students and staff involved and the support offered by the president and provost, are very much appreciated.

President thanked Dean Stetson for his report and noted her own appreciation for his and his staff’s efforts. She added that one figure of interest that had come to her attention is the average SAT of the admitted football team, 1180. Dean Stetson noted that this exceptionally high average shows that the players on Penn’s team are true scholar athletes and that any suggestions to the contrary are without merit.

D. Financial Report - Mr. Fry

Mr. Fry presented a financial report containing (1) projections of the financial status of the University’s unrestricted budget, and (2) 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 May 31, 1995. In addition, the report covered
the operating performance of HUP and CPUP for the ten months ended April 30, 1995 and Clinical Care Associates for the nine months ended March 31, 1995.

**University - Unrestricted.** Mr. Fry reported that as of the end of eleven months of the fiscal year, the University projects a General University surplus of $25,000 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 included graduate tuition, summer and special tuition, special programs and fees, indirect cost recovery on other restricted funds, and savings in salary expenses, direct centers’ current expense, graduate student aid and utility expense. Negative factors include downturns in indirect cost recoveries on grants, sales revenue, gift income, General University tuition, the unfunded University loan to the School of Veterinary Medicine and several other expense categories.

Collectively, the schools and centers are projected with a surplus of $1.3 million, 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. GSFA’s projected $250,000 surplus represents $500,000 better than budgeted performance, as that school had originally forecast a $250,000 deficit.

**University - Restricted.** Gift Fund and Grant and Contract Fund expenditures increased by 6.9% and 8.6%, respectively, while Endowment fund expenditures decreased by 5.1%. The current balance available for grant and contract expenditures is 2.4% higher than a year ago, and months of expendable awards 5.7% lower than a year ago.

**HUP.** For the ten months ended April 30, 1995, the Hospital had an excess of revenue over expenses which was $46.4 million better than budget while non-operating revenue was $2.8 million better than budget.

**CPUP.** The Clinical Practices’ performance for the same ten-month period generated an excess of revenue over expenses that was $7.4 million better than budget. The income from operations was $4 million better than budget, the non-operating revenue was $2 million better than budget and the clinical development expenses were held at $1.4 million below budget.

**Clinical Care Associates.** For the nine months ended March 31, 1995, CCA’s deficit for this start-up period of $6.5 million was $4,284 million worse than budget. Loss from operations was $4.5 million worse than budget, the non-operating revenue was $200,000 worse than budget, and amortization and depreciation expenditures were $450,000 better than budget.
E. Health System Report - Dr. Kelley

Dr. Kelley reported that three very important Health System initiatives would be before the Trustees for approval later in the meeting. Reporting on the first of them, the merger with the Presbyterian Medical Center and the opportunity to acquire an interest in one or more nursing homes, Dr. Kelley noted that this merger is extremely important to the Health System for the continued development of its teaching program, particularly for medical students and the graduate training program, among other objectives.

The second major item, the multispecialty satellite in Radnor, is likewise critical to the development of the Health System, its teaching programs, and to the provision of both primary and specialty care, he reported.

The third item, the Management Services Organization, is a very important program for providing business management and managed care services to physicians in the region. The entity will take the name of Franklin Physician Services, Inc. once it is formed.

Dr. Kelley stressed that all three of these pieces are extremely critical for the development of the “Ben Franklin scenario” as described at a luncheon earlier in the day by Dr. William Kissick.

IV. Committee Reports

A. Audit - Mr. Riepe

Mr. Riepe reported that the Audit Committee had reviewed a number of issues at its meeting that morning, the most important of which were (1) a review of the current status of the 1995 audit of both the University and the Health System, (2) a report from the internal audit department on its activities during 1995, along with a review of the plan for the 1996 internal audit, and (3) importantly, a discussion dealing with new accounting rules FAS 116 and 117, which will dramatically alter the way the University represents its financial statements. Mr. Riepe noted that while the Committee will be talking more about this in the coming year, its initial review of the subject today had been very helpful to the Committee.

At the chairman’s request, the Committee also reviewed the issue of non-audit services provided by the auditors--e.g., services provided to the University such as tax and management consulting which are not audit-type services. Typically, one tries to track the nature of those two services, and the Committee has asked the administration to submit a proposal on guidelines which would indicate a ratio of non-audit services to audit services that they believe is acceptable.

Finally, the Committee met in executive session to discuss the circumstances surrounding the activities connected with the New Era Foundation. The Committee has asked counsel to direct the outside auditors, Coopers & Lybrand, in conducting an investigation into the University’s dealings with the Foundation for New Era Philanthropy. The investigation will examine the procedures utilized as well as the amounts of money and the circumstances of the University’s involvement. The Committee will report back to the board at a later date the outcome of this review.

B. Budget and Finance - Mr. Fox

Dr. Vagelos noted that these resolutions would be recorded as Executive Committee actions.

Action........1. A Resolution on the Implementation of the Management Services Organization for the UPHS was approved as follows:

The University of Pennsylvania Health System (the “Health System”) and its primary care network -- Clinical Care Associates of the University of Pennsylvania Health System (“CCA”) -- were established in June 1993 as a first step in developing the organizational structure necessary to preserve and enhance the University’s educational, research and patient care mission in an evolving healthcare marketplace. Among its goals, the Health System wishes to participate in managed care
as a regional academic integrated health delivery system providing a full range of quality, clinical services in a cost-effective manner.

Another key component of the Health System strategy to fulfill its mission is the establishment of a management services organization ("MSO"). An MSO is a vertical integration model which links health systems and physicians through the provision of services of value to physicians to improve their ability to be low cost, quality providers of patient care. Its primary goals would be to increase Health System exposure to a diversified patient population for educational purposes and to enhance the geographic reach of the Health System to foster success in managed care. Examples of services that would be provided to physicians include financial management, information systems, and practice growth services. The MSO would offer physicians the opportunity to participate in various levels of membership with differing levels of services, each characterized by an increasing level of integration into the Health System. While the focus of the MSO will be to provide strong relationships with primary care physicians, the MSO would also be available to support other Health System strategies. Physicians contracting with the MSO would not be employees of the Health System.

The creation of the MSO has been approved by the University of Pennsylvania Health System Executive Committee.

RESOLVED, that the implementation of the MSO as a for-profit Pennsylvania business corporation, the sole shareholder of which will be The Trustees of the University of Pennsylvania be approved; and that the following also be approved:

• The formation and implementation of the MSO pursuant to the previously presented Business Plan (the "Business Plan");

• Delegation of the authority to adopt the corporate name of the MSO to the Chief Executive Officer of the University of Pennsylvania Medical Center and Health System/Dean, School of Medicine with the concurrence of the University President;

• The Articles of Incorporation of the MSO and their filing with the Department of State of the Commonwealth of Pennsylvania;

• The Bylaws of the MSO; and

• The MSO's creation of subsidiary entities and participation in joint venture arrangements, not inconsistent with the Business Plan, with Clinical Care Associates of the University of Pennsylvania Health System or other affiliates of the Health System or with other parties, all subject to the approval of the Health System Executive Committee (pursuant to such policies and procedures as may be adopted by the Health System Executive Committee) and subject to the University budgetary approval processes and policies and the capital expenditure limitations thereof.

Action: 2. A Resolution on Operating Budgets for the University of Pennsylvania for Fiscal Year 1996 was approved as follows:

The Trustee Budget and Finance Committee has reviewed the operating budget proposed for the University of Pennsylvania for Fiscal Year 1996 and recommends its approval.

RESOLVED, that the operating budget for the University of Pennsylvania for Fiscal Year 1996 recommended by the Trustee Budget and Finance Committee be and the same hereby is approved.

Action: 3. A Resolution on the Operating Budget for the UPHS - Health Services for Fiscal Year 1996 was approved as follows:
The Trustee Budget and Finance Committee has reviewed the operating budgets proposed for the University of Pennsylvania Health System - Health Services: the Clinical Practices of the University of Pennsylvania, the Hospital of the University of Pennsylvania, Clinical Care Associates and Management Services Organization for Fiscal Year 1996, and recommends their approval. These operating budgets were previously approved by the Health System Trustee Board Executive Committee.

RESOLVED, that the operating budgets for the University of Pennsylvania Health System - Health Services for Fiscal Year 1996 recommended by the Trustee Budget and Finance Committee be and the same hereby are approved.

Action.... 4. A Resolution on Capital Budget Authorizations for the UPHS-Health Services for Fiscal Year 1996 was approved as follows:

The Trustee Budget and Finance Committee has reviewed the capital budget authorizations proposed for the University of Pennsylvania Health System - Health Services for Fiscal Year 1996, at an estimated cost of $156,335,000: $9,209,000 for the Clinical Practices of the University of Pennsylvania, $141,725,000 for the Hospital of the University of Pennsylvania, $2,355,000 for the Clinical Care Associates and $3,046,000 for the Management Services Organization, and recommends their approval for expenditure. These expenditures budgets were previously approved by the Health System Trustee Board Executive Committee.

RESOLVED, that itemized capital budget expenditures, estimated to cost $156,335,000, for the University of Pennsylvania Health System - Health Services for Fiscal Year 1996 recommended by the Trustee Budget and Finance Committee be and the same hereby are approved.

Action.........5. A Resolution on the Trust and Service Agreements for the University of Pennsylvania Medical Center Supplemental Executive Retirement Plan (SERP) was approved as follows:

The Medical Center has proposed the implementation of a Supplemental Executive Retirement Plan ("SERP"). SERP funds will be held by a grantor trust (referred to as a "rabbi trust") which will secure the contributions from the claims of creditors and the University's general use, except in the case of bankruptcy or insolvency. The SERP has been approved by the Health System Trustees. The University now wishes to enter into a Trust Agreement for the SERP with CoreStates Financial Corp as Trustee and Service Agreements with TIAA-CREF and Vanguard Fiduciary Trust Company, as investment fund managers and service providers.

RESOLVED, that CoreStates Financial Corp be named as Trustee of the SERP and the execution by the appropriate officer of the Rabbi Trust Agreement with CoreStates Financial Corp be and the same hereby are approved.

FURTHER RESOLVED, that the execution by the appropriate officer of the Service Agreements with TIAA-CREF and Vanguard Fiduciary Trust Company as investment fund managers and services providers under the SERP be and the same hereby are approved.

Action.........6. A Resolution on the Revised Primary Care Practice Acquisition Approval Process was approved as follows:

In January 1995, the Trustees of the University of Pennsylvania (the "Trustees") increased from $250,000 to $1,000,000 the limit applicable to capital and real estate acquisition expenditures requiring approval by the Trustee Budget and Finance Committee. Capital expenditures between $500,000 and $1,000,000 require approval of the President of the University only.
In light of these changes, the Health System Executive Committee recommends that the "Primary Care Practice Acquisition Approval Process" approved by the Trustees in December 1993 be revised to increase the limits therein in accordance with the new University policy to: (i) increase the Clinical Care Associates Board aggregate purchase limit for approval of primary care physician practice and related real estate transactions from $250,000 to $500,000; (ii) also require such acquisitions to be approved by the President of the University (pursuant to such administrative processes as shall be established by the President) and the Health System Executive Committee if they are $500,000 or more; and (iii) require such acquisitions to be approved by the Trustee Budget and Finance Committee if they are $1,000,000 or more.

RESOLVED, that the revised "Primary Care Practice Acquisition Approval Process" be and the same hereby is approved and adopted.

Action........... 7. A Resolution on the Presbyterian/Medical Center Merger/Nursing Home Transactions was approved as follows:

The Trustees of the University of Pennsylvania, owner and operator of the University of Pennsylvania Health System (UPHS), plans to engage in a statutory merger of the Presbyterian Medical Center of Philadelphia (the Medical Center) into a newly formed non-profit subsidiary of UPHS. By virtue of the statutory merger, the new UPHS subsidiary will succeed to the assets and liabilities of the Medical Center. Additionally, the Presbyterian Medical Center Foundation (the "Foundation") will transfer to UPHS or UPHS new subsidiary its ownership/controlling interest in certain subsidiaries related to the Medical Center (the Related Subsidiaries), which may include the Anesthesiology Foundation, the Radiology Foundation, the Surgical Oncology Foundation, the Multi-Specialty Group Practice Foundation, the Personal Care Residence, Presbyterian Medical Services Corporation (a for-profit corporation) and its wholly owned subsidiary, the University City Apothecary (a for-profit corporation).

UPHS also plans to acquire an interest in one or more nursing homes, including the Courtland Foundation d.b.a. the New Ralston House (the "New Ralston House") and The Germantown Home ("The Germantown Home"), and to participate in a long-term care joint venture relationship ("Penn Pres") which may involve the formation of a non-profit corporation in which UPHS and the Foundation would be the members. Within the Penn Pres relationship UPHS may: (i) jointly develop a new 120 bed nursing facility on the Medical Center campus under the Foundation’s Certificate of Need ("CON"), and (ii) have a right of first consideration to obtain an interest in the Foundation subsidiaries engaged in the management of current and future nursing homes. In addition, UPHS plans to acquire the multi-level parking garage and the Medical Office Building located on the Medical Center campus from the owner of those facilities (which is independent of the Foundation and the Medical Center). The University of Pennsylvania Health System Executive Committee has approved these transactions.

RESOLVED, that, subject to the satisfactory completion of UPHS due diligence investigation, the transactions described in the foregoing Intention be and the same hereby are approved, with such changes as the Chief Executive Officer of the University of Pennsylvania Medical Center and Health System/Dean School of Medicine, with the concurrence of the President of the University and a small group of Trustees appointed by the Chairman of the Budget and Finance Committee, shall approve (such approval to be conclusively evidenced by the execution and delivery on behalf of UPHS of documents effectuating such transactions).

RESOLVED, that, pursuant to the foregoing resolution and subject to the satisfactory completion of UPHS due diligence investigation, the delegation of authority to the Chief Executive Officer of the University of Pennsylvania Medical Center and Health System/Dean School of Medicine to take such action and approve and execute such documents on behalf of UPHS as may be necessary to effectuate and implement the transactions contemplated herein be and the same hereby is approved, with such changes as such officer shall deem advisable, necessary or appropriate in
order to effectuate such transactions, with the concurrence of the President of the University and
the small group of Trustees appointed by the Chairman of the Budget and Finance Committee.

Action........  8. A Resolution on Financing of Projects for the UPHS was approved as follows:

The University of Pennsylvania Health System is undertaking a project consisting of the
acquisition of Presbyterian Medical Center of Philadelphia (the "Medical Center"), through the
statutory merger of the Medical Center into a newly formed non-profit subsidiary (the
"Subsidiary") of The Trustees of the University of Pennsylvania (the "University"), and related
to The Trustees of the University of Pennsylvania (the "University"), and related
to the Chairman of the Budget and Finance Committee.

entities from Presbyterian Medical Center Foundation (the "Foundation"), renovation,
renovation, improvement and equipment of various facilities of the Hospital of the University of Pennsylvania
("HUP") and the acquisition by the Subsidiary of various facilities on or adjacent to the Medical
Center campus (the "Project"). The total cost of the Project is approximately $133,000,000.

In connection with the merger of the Medical Center into the Subsidiary, the Subsidiary may
assume the Medical Center's obligations in favor of The Hospitals and Higher Education Facilities
Authority of Philadelphia (the "Authority") which issued $52,800,000 of Authority Hospital
Revenue Bonds, Series of 1993 (Presbyterian Medical Center of Philadelphia) (the "Bonds") on
behalf of the Medical Center. That debt is evidenced by a Loan and Trust Agreement dated as of
January 1, 1993 (the "Trust Agreement") between the Medical Center, the Authority and
CoreStates Bank, N.A., as trustee. If the Subsidiary is unable to assume the Medical Center's
obligations under the Trust Agreement, the University or the Subsidiary will be required to pay
additional consideration to the Foundation to enable the Foundation to defease the Bonds. To
fund such additional payment, the University may be required to obtain interim financing or to
guarantee debt of the Subsidiary. If the Subsidiary assumes the Medical Center's obligation under
the Trust Agreement, the administration recommends that the Bonds, which bear interest at higher
rates than current market, be refunded to reduce interest costs and to enable the Subsidiary to
become a designated unit under the University's Master Trust Indenture dated as of May 1, 1994
("CPUP").

The administration recommends that the Trustees adopt resolutions: (a) declaring the University's
intent to borrow up to $133,000,000 from the proceeds of tax-exempt bonds to fund or reimburse
the University for the costs of the Project and to borrow the proceeds of such additional principal
amount of tax-exempt indebtedness as shall be necessary to refund the Bonds and/or any interim
indebtedness used in connection with the acquisition of the Medical Center; and (b) authorizing
the use of interim indebtedness to fund the acquisition and/or to guarantee debt of the Subsidiary
used in connection with the acquisition of the Medical Center.

RESOLVED, that the Trustees of the University of Pennsylvania hereby authorize the borrowing
of up to $133,000,000 to fund or reimburse the University for the costs of the Project, and such
additional amount of tax-exempt indebtedness as shall be required to refund the Bonds and/or any
acquisition indebtedness, subject to the approval of the terms and conditions of any permanent tax-
exempt financing by the Bond Ad Hoc Committee (the "Committee") previously appointed by the
Trustees.

FURTHER RESOLVED, that the Executive Vice President, Vice President for Finance or
Treasurer be and any one of them is hereby authorized and empowered to incur interim
indebtedness on behalf of the University in connection with the merger and acquisition of the
Medical Center, or to enter into a guaranty agreement guaranteeing any interim indebtedness
incurred by the Subsidiary for such purpose and to approve the terms and conditions of any such
borrowing such approval to be evidenced by the execution and delivery of a guaranty or
borrowing documents by any of such officers on behalf of the University.
FURTHER RESOLVED, that the Executive Vice President, Vice President for Finance or Treasurer be and any one of them is hereby authorized to apply on behalf of the University to a governmental issuer to issue bonds for the above purposes and to pay such fees and expenses as may be required in connection therewith.

FURTHER RESOLVED, that the Executive Vice President, Vice President for Finance or Treasurer be and any one of them is hereby authorized to determine the method of sale of tax-exempt indebtedness for the University (competitive or negotiated), select an investment banker or bankers (if a negotiated sale is to be used), and to take all action in connection therewith subject however, to the approval of the amount of indebtedness, the rates of interest, the terms thereof and security for the indebtedness by the Committee.

FURTHER RESOLVED, that any permanent tax-exempt indebtedness incurred by the University in connection with the acquisition of the Medical Center and related entities shall be secured and payable under the terms of the Master Indenture which provides, inter alia, that such indebtedness shall be payable from and secured solely by revenues and assets of the University's designated units which would include HUP, CPUP and the Subsidiary.

FURTHER RESOLVED, that this resolution shall constitute an official expression of the University's intent to borrow under current Internal Revenue Service income tax regulations the proceeds of up to $133,000,000 of tax-exempt bonds to reimburse itself for amounts expended in connection with the Project prior to the issuance of such bonds.

FURTHER RESOLVED, that the Executive Vice President, Vice President for Finance or Treasurer be and they are hereby authorized and empowered to take such action and to execute such documents as shall be necessary to effectuate the borrowing authorized by this resolution subject to the approval of the terms and details of any permanent tax-exempt debt thereof by the Committee.

Action........9. A Resolution on Renovations to the Third Floor of the John Morgan Building for University Laboratory Animal Resources (ULAR)/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 University Laboratory Animal Resources (ULAR) space on third floor of the John Morgan Building in order to provide adequate animal facilities for the Institute for Human Gene Therapy. The estimated total project cost based on bids is $4,470,325 and will be paid for through grants, the Research Facilities Development Fund and the School of Medicine.

RESOLVED, that renovations to the third floor of the John Morgan Building and related equipment purchases, estimated to cost $4,470,325, 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 and purchases, 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.

Action........10. A Resolution on Renovations to the Second of the John Morgan Building for the Department of Pathology and Laboratory Medicine, School of Medicine, was approved as follows:

The School of Medicine proposes to renovate approximately 4,936 net square feet of space on second floor of the John Morgan Building in order to provide modern research laboratories for the Department of Pathology and Laboratory Medicine. The estimated total project cost based on bids is $2,418,907 and will be paid by the Department of Pathology and Laboratory Medicine.
RESOLVED, that renovations to the second floor of the John Morgan Building, estimated to cost $2,418,907, 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........11. A Resolution on Design Fees for Interior Renovation of Logan Hall was approved as follows:

The exterior rehabilitation of Logan Hall is scheduled to be completed in July 1995. With this work nearing completion, the Administration proposes to renovate the building’s interior. The interior renovation is to provide four floors of classroom and office space for School of Arts and Sciences departments and one floor with access from the east for student use as part of the student center project. Architectural and engineering fees associated with the renovation are estimated to cost $1,556,325 and will be paid by the School of Arts and Sciences and student center project funding sources.

RESOLVED, that architectural and engineering fees related to the interior renovation of Logan Hall, estimated to cost $1,556,325, 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 design, 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.

Action........12. A Resolution on the Change in Plan Year for the Tax Deferred Annuity Plan was approved as follows:

The University maintains the Tax-Deferred Annuity Plan of the University of Pennsylvania (the "TDA Plan") for the benefit of its eligible employees. The University desires to change the plan year for the TDA Plan from the calendar year to the University's fiscal year (July 1 - June 30) effective July 1, 1995 (i) to simplify allocation of costs for budgetary purposes and (ii) to permit coordination, for nondiscrimination testing purposes, of the TDA Plan with the University's defined benefit plan which currently has a fiscal year plan year.

RESOLVED, that subject to the Internal Revenue Service's approving or failing to disapprove the University's application for a change in the plan year, the plan year of the TDA Plan is amended to consist of calendar years beginning on or after the effective date of the TDA Plan and prior to 1995, a short plan year running from January 1, 1995 through June 30, 1995 and subsequent twelve-consecutive-month periods beginning on July 1, 1995 and anniversaries thereof; and

FURTHER RESOLVED, that the proper officers of the University are hereby authorized and directed to take action to amend the TDA Plan document, make filings with the Internal Revenue Service and perform such other actions as such officers may deem necessary or desirable to implement the foregoing resolution.

Action........13. A Resolution on the Construction of the Institute for Advanced Science and Technology - Phase I was approved as follows:

In October 1991, the Trustees approved the expenditure of $3,646,000 for planning and design fees associated with the Institute of Advanced Science and Technology (IAST) - Phase I. In October 1992, the Trustees approved the expenditure of $1,133,000 in additional planning and design fees, including those related to the preparation of an Environmental Impact Statement (EIS). In March 1993, the Trustees approved the expenditure of $947,000 for further planning and design activities
related to the Environmental Impact Statement and the completion of bid documents, bringing total
planning and design fees to $5,726,000.

The preparation of the EIS has been completed and the Office of Scientific Research of the United
States Air Force has given the University approval to proceed with construction of the IAST -Phase
I. The preparation of the construction plans and specifications are complete and the project is out
for bid.

The Administration proposes to begin construction of IAST - Phase I, after receipt and evaluation
of the bids. The total estimated project cost is $50 million, and will be paid by a federal grant and
other project funding sources.

RESOLVED, that the construction of IAST - Phase I, estimated to cost $50 million, be and the
same hereby is approved and that the Executive Vice President or other appropriate officers of the
University be and they hereby are authorized to take such actions, proceed with such construction,
execute such contracts, and incur such expenses and obligations -- not, however, substantially in
excess of the estimated cost as presented to the Budget and Finance Committee -- as may in their
judgment be necessary or desirable to accomplish the purposes of this resolution.

C. Development - Mr. Shoemaker

Mr. Shoemaker reported that at its meeting the prior day, the Development Committee reviewed the
following topics:

Year-to-date fundraising results. The pace of giving set by the Campaign for Penn shows no signs of
slowing. As of May 31, new subscriptions were $142 million. It is expected that $175 million will be raised for the
year, compared to $173 million last year (excluding the $120 million Annenberg gift).

President’s Spring Trip. President Rodin’s spring visits to Los Angeles, Washington D.C., Miami and
Boca Raton, New York, Boston and Dallas enjoyed very good turnout and expanded alumni relationships. The
President was able to give her vision for Penn in the 21st century and drew great feedback.

Undergraduate Financial Aid. The University remains committed to need-blind admissions and will
continue to make undergraduate financial aid a key fundraising goal in the years ahead.

• Perelman Quad. With the doubling of Ronald Perelman’s original commitment of $10 million to $20
million, construction on the Perelman Quadrangle is scheduled to begin next December. An important feature of the
complex will be Wynn Way, made possible with the just-announced gift of $7.5 million from Steve Wynn.

• Medical Center Campaign. The Medical Center will launch its five-year, $600 million campaign
September 15 in support of its strategic plan in the areas of learning, discovery, prevention and cure. To date the
Center has raised $288 million in a nucleus fund.

D. External Affairs - Mr. Lauder

Mr. Lauder reported that the External Affairs Committee met the day before and had lively discussion on a
series of presentations. President Rodin reviewed (1) her plans and expectations for external affairs and
communications for the near future, and (2) the search for an associate vice president for communications, which
will be a very welcome and much-needed addition to the University’s staff.

Vice President and Secretary Barbara R. Stevens reviewed Penn’s communication planning for 1995-96,
and also presented data which showed that over the past year Penn has indeed done extremely well in conveying its
strengths. The University has received an enormous amount of press in the past year, well ahead of its competitors,
exceeding Yale, Princeton and most of the other Ivies in number of press mentions throughout the U.S. in both the
print and electronic media. The administration will be reviewing shortly the University’s overall imagery and communications strategy.

The Committee also discussed plans for the celebration next year of the 50th anniversary of the invention of ENIAC. Electronic computer was invented here at Penn, and Penn will celebrate this as a means of pointing out that this is the university that has been and will continue to be source of innovation in technology.

Finally, the Committee reviewed various public affairs relationships, especially federal, city and commonwealth.

E. Facilities and Campus Planning - Mr. Tanenbaum

Mr. Tanenbaum reported that the Committee on Facilities and Campus Planning met earlier that day and received an extensive and enthusiastically received report on Perelman Quadrangle from Venturi Scott Brown, the architects engaged for the project. In addition, Mr. Arthur T. Gravina, Vice President for Facilities, reviewed with the Committee the status of the Institute for Advanced Science and Technology, the Biomedical Research Building II, Locust House, and Charles Addams Hall.

F. Internationalization - Mr. Palmer

Mr. Palmer reported that the Internationalization Committee met earlier in the day and spent its entire meeting on a report from the Provost on the first annual Provost Conference on International Education and Research held in April. Eighty faculty members from all the schools and disciplines participated in the Conference, which was a great success by all measures. The Conference discussed how to internationalize both undergraduate and graduate education, language requirements, and admissions considerations, and the Provost intends to follow up on many of the items and hold further conferences annually or even more frequently.

The Committee has now heard from all of the deans and from many students, and at the next meeting will meet with 8-10 of the faculty members who attended the Conference for further discussion.
G. University Responsibility - Mr. Heyman

Mr. Heyman reported that at its meeting the previous day the University Responsibility Committee heard from several members of the administration on the issues relating to Penn, its community and its diversity.

Ms. Carol Scheman, Vice President for Government, Community and Public Affairs, reported on a variety of recent initiatives to encourage positive change in the extended Penn community. These initiatives included bringing three major businesses to West Philadelphia through the expanded Buy West Philadelphia program; Communiversity Days; and mentoring programs. The Committee endorses and encourages these efforts to extend Penn's activities in ways that are consistent with the University's mission, benefit the University and support its community.

Prof. Janice Madden, Vice Provost for Graduate Education, reported on improvements in minority and women graduate student recruitment and retention over the past four years, and the Provost provided the Committee with figures on the numbers of minority and women faculty at Penn. The Committee had a lively discussion about factors that influence Penn's ability to recruit and retain minority and women graduate students and faculty, and some of the public policy implications.

Finally, Anita Jenious, Esq., the new Director of the Office of Affirmative Action, briefly summarized the roles her office plays: coordinating and monitoring the University's compliance with equal opportunity laws, providing information to faculty, staff and students who have questions, investigating complaints and assisting the University in becoming more accessible to people with disabilities.

The Committee supports the efforts that have been made to date, and hopes that Penn will continue to lead the way in constructing programs to attract those who have been historically underrepresented in higher education.

H. University of Pennsylvania Museum - Mr. Mainwaring

Mr. Mainwaring noted that when Dr. Jeremy A. Sabloff became the Charles K. Williams II Director of the Museum on July 1, 1994, he was, like President Rodin, “coming home to Penn”: he received his undergraduate degree here in 1964.

Mr. Mainwaring noted that while Dr. Sabloff has managed the smooth transition from the Dyson administration in a seemingly effortless manner, in fact he has had to handle and continues to contend with a multitude of complex issues and decisions in an environment involving increasing demands and restricted resources. He has accomplished all this through tireless effort and his ability to elicit cooperation at all levels of his constituency. He has also spent considerable effort in addressing the strategic challenges the Museum faces as it moves toward the new century.

University of Pennsylvania Museum Research/Collection Wing. Most important of the issues Dr. Sabloff has to deal with is that the Museum faces severe conservation/preservation problems, as much of its extraordinary archaeological and anthropological collection is housed in storage areas with no climate control and poor research access. This issue was identified by the previous administration in its strategic planning effort as the number-one strategic challenge facing the institution. Previous efforts had been entirely focused on renovation and upgrading the climate control in existing storage areas. Dr. Sabloff has taken an innovative approach to the problem, and, with the support of the Board of Overseers, the Museum has embarked on the initial planning for a new wing, with state-of-the-art preservation controls that would be built on the eastern side of the Museum’s Sharpe Entrance. The Design Review Committee endorsed the recommended site, and initial planning is continuing. The Museum would be responsible for raising the necessary funds for this project.

Renovation of Harrison Auditorium and Harrison Entrance. Planning for this project contemplates a new, modern, readily-accessible entrance to the Museum which will tie in well with the University’s plans for the Health Center and the Perelman Quadrangle. A funding request was submitted to the Commonwealth under the West Philadelphia Arts Projects and is now awaiting release of funds from the Governor’s office in Harrisburg. The
Museum would receive $1.5 million, which would have to be matched by a similar amount, for the much-needed renovation and climate control of Harrison Auditorium. With over 800 seats, it is one of the largest auditoriums on campus. The Museum is exploring means for raising matching funds for this proposed project.

Security. After consultation with the University Police and with the support of the Provost, the Museum has begun to increase its external security, including the installation of protection for first- and second-story windows and future installation of video cameras and new lighting.

Living in Balance. The Museum recently opened its newly renovated Ruth and Earl Scott Gallery of the American Southwest with a major new installation of a permanent exhibit entitled “Living in Balance: the Universe of the Hopi, Zuni, Navajo and Apache.” The Guest Curator and the Museum staff worked closely with the Native American Advisory Committee in planning this innovative exhibit, which presents a Native American perspective of their environment and lifeways. An excellent catalogue and special issue of Expedition magazine accompany the new exhibit. Mr. Mainwaring encouraged the trustees to take a few minutes to tour this new gallery.

I. Investment Board - Mr. Neff

Mr. Neff reported that the value of the Associated Investment Fund at June 8, 1995 was $1.243 billion, and that the value of Penn’s total endowment, including the separately invested funds, was $1.703 billion. The portion of Penn’s investments in equities remains 54%. Penn continues to have a major concentration of its investments in basic commodity cyclicals, and its holdings in this area have done well.

The AIF (Neff-managed) Common Stock total return performance has been better than the S&P 500’s since December 31, 1994 (increasing 20.3% versus 17.2% for the S&P); annualized from 12/31/79, the AIF Common Stocks have had a total return of 18.6% versus 15.2% for the S&P 500. However, the AIF still trails the S&P in performance for the NACUBO year that began July 1 (18.9% versus 22.9%).

Mr. Neff turned to Mr. Miller, chair of the Ad Hoc Committee on Investment Management that has met throughout the past year, for a report on that Committee’s work.

Mr. Miller reported that the Ad Hoc Committee’s work was undertaken with a view to facilitating the transition over the next two years (with Mr. Neff’s impending retirement), as Penn moves from zero-fee trustee management of the AIF and is faced with the necessity of hiring outside managers.

One of the Committee’s primary recommendations was to reduce the size of the Investment Board, which currently has 16 members, to nine members. The new board will meet four times a year, and an operating subcommittee will meet before the Investment Board meetings. At the trustees’ June meeting each year, the Investment Board will present a report on the state of the endowment at a meeting open to all trustees.

Action.... 1. A Resolution on the Appointment of the Investment Board was approved as follows:

RESOLVED, that the following persons be elected as members of the Investment Board of the Trustees of the University of Pennsylvania for a term of one year, effective July 1, 1995 and until their successors are elected or appointed and qualified: Christopher H. Browne, Carol B. Einiger, Joseph B. Glossberg, Richard A. Hopkins, Paul F. Miller, Jr., John B. Neff, James S. Riepe, Myles H. Tanenbaum and Richard B. Worley. John B. Neff will serve as Chairman of the Investment Board.

Action.... 2. A Resolution of Appreciation for Retiring Investment Board Members was approved as follows:

WHEREAS, Messrs. Samuel H. Ballam, Jr. (Ev ‘41, CGS ‘50), Julian S. Bers (W ‘31), Henry M. Chance II (CE ‘34), H. Samuel Greenawalt (W ‘51), Samuel M.V. Hamilton (C ‘49), Adolph B. Kurz (W ‘39), Robert P. Levy (C ‘52), F. Stanton Moyer (W ‘51), Wesley A. Stanger, Jr. (W ‘29), and Frederick J. Warren (ME ‘60, WG ‘61) have served diligently as members of the Investment Board for many years and have participated in the endowment’s exceptional performance and its growth to a current value of
approximately $1.7 billion. These members’ contributions to the Board will have an enduring value as the University’s growing endowment has led to increased financial security.

RESOLVED, that the Trustees of the University of Pennsylvania on behalf of themselves, the students, the faculty, the alumni and the staff of the University, express their gratitude to Messrs. Samuel H. Ballam, Jr., Julian S. Bers, Henry M. Chance II, H. Samuel Greenawalt, Samuel M.V. Hamilton, Adolph B. Kurz, Robert P. Levy, F. Stanton Moyer, Wesley A. Stanger, Jr., and Frederick J. Warren for their valuable contributions as Investment Board members and look forward to their continued involvement in University activities.

V. Appointments to Overseer and Other Boards

Action........ 1. The following resolutions on appointments to Overseer and other boards were approved upon motion duly made and seconded:

RESOLVED, that Robert G. Pinco be appointed to the Board of Overseers of the School of Dental Medicine for a three-year term, effective June 16, 1995.

RESOLVED, that Cary M. Schwartz be appointed to the Board of Overseers of the Law School for a three-year term, effective June 16, 1995.

RESOLVED, that Thomas H. Stoner be appointed and Sally Shoemaker be reappointed to the Board of Overseers of the University of Pennsylvania Museum for three-year terms, effective June 16, 1995.

RESOLVED, that Lynda Barness and Norman P. Hetrick be appointed to the Board of Overseers of the School of Veterinary Medicine for three-year terms, effective June 16, 1995.

RESOLVED, that L. John Clark be appointed to the Board of Overseers of the Wharton School for a three-year term, effective June 16, 1995.

RESOLVED, that Anthony J. Vinciquerra be appointed to the Board of Advisors of the Annenberg Center for a three-year term, effective June 16, 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