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

December 15, 1995

A stated meeting of the Executive Committee of the Trustees of the University of Pennsylvania was held at 2:00 pm Friday, December 15, in the Tea Room, Faculty Club. Trustees present were Susan W. Catherwood, Stephen Heyman, Elsie S. Howard, Natalie I. Koether, Donald N. Langenberg, Paul F. Miller, Russell Palmer, Judith Rodin (ex officio), Alvin V. Shoemaker, Myles H. Tanenbaum and P. Roy Vagelos. Also present were Stanley Chodorow, Virginia Clark, John Fry, Stephen Golding, Constance C. Goodman, Shelley Z. Green, William N. Kelley, Trudy J. Kuehner, Jay Saddington, Barbara R. Stevens, Duncan W. Van Dusen and Henry Williams.

I. Call to Order

The minutes of the meeting of September 22, 1995, were approved as written by the Secretary.

II. Chairman’s Report - Dr. Vagelos

Dr. Vagelos welcomed all present and introduced the first resolution, on the renaming of the Mark Allam Dairy at the New Bolton Center as the Marshak Dairy in honor of Dr. Allam’s fellow former dean Robert Marshak, at Dr. Allam’s request.

Action........1. A Resolution on the Naming of Marshak Dairy was approved as follows:

Emeritus Professor Mark Allam, a former dean of the School of Veterinary Medicine (1952-73), has proposed, and the School concurs, that the University honor Emeritus Professor Robert R. Marshak, dean of the School from 1973-87, by renaming the Allam Dairy at its New Bolton Center the Marshak Dairy. In endorsing this proposal, the School notes that Dr. Allam’s name will continue to be closely linked with the New Bolton Center through the Allam House and Allam Barn at the Center.

An alumnus of Cornell’s College of Veterinary Medicine, Dr. Marshak joined the faculty of veterinary medicine at Penn in 1956 as professor and chairman of medicine, later becoming chairman of clinical studies. His work in bovine leukemia led to the establishment in 1965 of the National Cancer Institute-sponsored Bovine Leukemia Research Center at New Bolton Center. As Dean of the School of Veterinary Medicine, his energy and vision were the catalysts for the building of the new small animal hospital in Philadelphia, expansion of the large animal hospital at the New Bolton Center, the introduction of aquatic veterinary medicine, and the development of veterinary specialties parallel to and in cooperation with those in human medicine. A dedicated “cow doctor,” he returned to research and teaching in dairy farming at the completion of his deanship, and both the School itself and the field of veterinary medicine have continued to benefit from his personal and professional contributions.

RESOLVED, that the Allam Dairy be renamed the Marshak Dairy.

III. President's Report - Dr. Rodin

A. Comments
Alumni Relations and Development - International. President Rodin reported that Penn’s alumni relations and development activities have been moving aggressively forward. In November she spent several days in London meeting with Penn’s British and American alumni. The international alumni are eager for greater contact with Penn, she reported, and are enormously enthusiastic about Penn. The administration will be considering a broad range of ways to reach out even further both with regard to international activities and opportunities for international alumni. While in London, Dr. Rodin also signed exchange agreements with the University College London and Cambridge University, part of the work toward achieving Penn’s international aspirations.

Alumni Relations and Development - West Coast. Dr. Rodin also met last month with alumni and potential donors in the Silicon Valley and San Francisco. Many of Penn’s alumni play prominent roles in the technology, financial and entertainment industries based on the West Coast, and it was heartening to see and hear firsthand their enthusiasm and commitment to Penn.

Campus Activities. Dr. Rodin noted many accomplishments on campus this fall:

- The strategic planning document “Agenda for Excellence” was released for comment by the University community.

- Construction was begun on the Roy and Diana Vagelos Laboratories to house Phase I of the Institute for Advanced Science and Technology.

- Several new members have joined the administrative team this fall, including Clint Davidson, Vice President for Human Resources; Jeanne Arnold, Director of the African American Resource Center; Tom Seamon, Managing Director of Public Safety, and Eric Halpern, Director of the University of Pennsylvania Press.

- The search process has begun for a new Dean of the Graduate School of Fine Arts; the search for an Executive Director of Resource Planning and Budget is nearing conclusion; and the search for a Director of Communications is about mid-way through.

- The Provost has appointed committees to conduct the required five-year reviews of Deans Gerrity, Farrington and William Kelley.

Federal. Dr. Rodin noted that another area of considerable concern and activity during the fall has been impending cuts in federal research support, student aid, and indirect cost recovery. Dr. Vagelos, Dr. Rodin and the administration have been very active in Washington with their colleagues from other institutions, making the case for continued support and the importance of higher education and university-based research and student aid. They have also been closely monitoring the prospects for temporary government shut-downs in October and again today. A shut-down of more than one or
two weeks could potentially cost Penn approximately $1 million per day in deferred receipt of federal funds for various purposes. These issues will remain among the most important of Dr. Rodin’s and her colleagues’ concerns.
B. Academic Report - Dr. Chodorow

1. Comments

**Searches.** Dr. Chodorow reported that in addition to the searches on which Dr. Rodin had reported, three additional searches are underway in his area:

- Lee Peachey, professor of biology, is chairing the search for the Vice Provost for Research.
- Rebecca Bushnell, professor of English, is chairing the search for a new Judicial Inquiry Officer.
- Patrick Harker, chair of the department of systems in engineering, is chairing the search for the new Chaplain.

**Faculty Honors.** Dr. Chodorow reported that Chemistry professor Michael Klein recently received the Humboldt Research Award for Senior U.S. Scientists. The award will give him the opportunity for an extended research stay in Germany. Prof. Vaclav Vitek from Materials Science and Engineering has been awarded the Acta Metallurgica Gold Medal for 1996. This is considered the only international award recognizing leadership and ability in materials research. Dr. Mark Greene, John Eckman Professor of Medicine and Director of Resident Immunology, received the 1995 CaP CURE award for his research on prostate cancer. The Association for the Cure of Cancer of the Prostate (CaP CURE) is the largest private funder of prostate cancer research in the country.

**Provost's Interdisciplinary Seminar Fund.** Dr. Chodorow reported that he has established a new seminar fund to stimulate the creation of interdisciplinary faculty and graduate student seminars. The seminars will bring together faculty and graduate students from different schools together, and incentives will also be provided for bringing participants into these projects from off campus, particularly from industry. The goal is to stimulate new research and new programs, since most of the programs of the future will grow out of multi- and inter-disciplinary contacts. The awards will range from $10,000 to $25,000 and will be for up to three years.

**21st Century Update.** Dr. Chodorow provided a brief update on the 21st-Century Experience Project. The project is moving ahead briskly, and the committees charged with developing various aspects of the project are expected to provide their preliminary reports by the end of January. He noted that perhaps the most exciting development this fall has been in the area of collegiate programs. There are four pilots set to begin in Fall 1996, which will test various aspects of the collegiate programs. One of those is in creative expression and will be developed as the Writers’ House, based on the old Chaplain’s House. The project is led by Prof. Al Filreis, and enthusiasm is high among students, faculty and staff. By Fall 1997 the first college models should be starting to grow, at which point the pilot projects would be incorporated into the college models, residential and nonresidential communities of 700-800 students.

A Foreign Language Across the Curriculum Committee (FLAC) has also been established, tchaired by Prof. Roger Allen of the Department of Asian and Eastern Studies, as has an Oversight Committee for all the advising activities, both electronic and human, under the chairmanship of Prof. David Williams from Psychology.

**Perelman Quadrangle.** Schematics for Logan Hall were approved the prior day, and work has begun on detailed planning and developing construction documents. Walls should be broken down to permit work on the building’s infrastructure in late January or early February, and external work will begin in summer. Schematics of other elements of the project are being worked on and will be approved short. The order of the work is first Logan and Williams Halls, then Irvine Auditorium and finally Houston Hall, which is by far the most complicated of the buildings.
Provost Chodorow reported that among the faculty appointments included in the Resolution on Faculty Appointments and Promotions at pp. 2-17 of the meeting book were several of noted:

**Dr. Thomas F. Cooley**, who joins Penn as a Professor of Economics in the School of Arts and Sciences from the University of Rochester and, prior to then, the University of California at Santa Barbara. Dr. Cooley took his Ph.D. at Penn in 1971, is widely published in the area of macroeconomics and is an award-winning teacher, especially in the MBA program at Rochester.

**Dr. Boyan Jovanovic**, also joining the Department of Economics, comes to Penn from NYU. He is considered a leader in labor economics, macroeconomics and industrial organization, and indeed is considered by many one of the top 10 economists in the world today.

**Dr. David A. Weitz**, joins Penn as Professor of Physics in the School of Arts and Sciences from Exxon, where he has been since 1978. He is a specialist in complex fluids--soft condensed matter. He has long been a collaborator with Penn colleagues, and he will be a major participant from the School of Arts and Sciences in the Laboratory for Research on the Structure of Matter.

**Dr. Abraham Shaked**, who joins the School of Medicine as Associate Professor of Surgery, is an internationally-known transplantation surgeon from UCLA, specializing in the liver. UCLA has had the second largest liver transplant center in the United States, and Dr. Shaked has already established himself and his program at HUP and is making enormous progress.

**C. Financial Report - Mr. Fry**

Mr. Fry presented a financial report on the preliminary projections of the financial status of the University’s unrestricted budget for fiscal year 1996 and key statistical data on the performance of Penn’s restricted endowed and quasi-endowed funds, gift funds, and grant and contract funds as of November 30, 1995. In addition, his report covered the operating performance of the Health Services component of the University of Pennsylvania Health System for the four months ended October 31, 1995.

**University - Unrestricted.** Mr. Fry reported that as of the end of the first five months of the current fiscal year, a General University deficit of $2.45 million was projected, 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. Resources to cover the deficit are being identified.

Positive factors affecting performance include special program and fee revenue, and savings in salary expenses, graduate student aid and utility expense. Negative factors are projected shortfalls due to the shift in the Commonwealth Appropriation from the General University to the School of Veterinary Medicine, and in graduate tuition, summer and special tuition, indirect cost recoveries on grants, gift income, sales revenue, and projected overruns in several expense categories.

The preliminary performance projection for the schools and direct centers indicates a collective deficit of $1.3 million. Deficits are projected for the School of Arts and Sciences ($800,000), the School of Engineering and Applied Science ($200,000), the Annenberg Center ($250,000) and Intercollegiate Athletics ($150,000). The Graduate School of Education if projected with a surplus of $100,000. All other schools and centers are projected at breakeven performance. These performance projections assume no change in the indirect cost recovery rate for FY 1996. For every percentage point change in this rate would represent $1 million to Penn, and so a decrease in the rate would have a significant impact on Penn.

**University - Restricted.** Restricted expenditures for the past five months increased by 4% as compared to the same period the prior year. Endowment, Gift and Grant and Contract Fund Expenditures increased by 7.8%, 12.1% and 2.8%, respectively, over the same period the prior year. The current amount available for grant and contract expenditures is 15.9% more than at the same time last year, and projected on a straight-line expenditure basis, months of expendable awards are 12.8% higher than at November 30, 1994.
Health System - Health Services Component. For the four months ended October 31, 1995, Health Services (which consists of HUP, Presbyterian Medical Center, CPUP, Clinical Care Associates and Franklin Physician Services) generated an excess of revenue over expenses of $41.87 million, which was $19.45 million better than budget. The Physician Practices’ surplus of $1,047,000 was $4,654,000 better than budget. The Hospitals’ excess of revenue over expenses of $40.8 million was $14.8 million better than budget.

D. Health System Report- Dr. Kelley

Development. Dr. Kelley announced with pleasure the appointment of Ms. Krista W. Mattox as Associate Executive Vice President, Development and Alumni Relations, reporting jointly to himself and Ms. Clark. Ms. Mattox joins the Health System at a critical time in the progress of the Medical Center Campaign, which has just passed the $300 million mark (about $306 million as of October 31), well on the way to its $600 million goal.

Dooley-Lynch Associates. The Health System is also strongly supportive of the Dooley-Lynch acquisition, a resolution on which would be presented to the Committee later in the meeting.

Women’s Health. The Health System has established a Center for Research on Reproduction and Women’s Health under Dr. Jerome Strauss which will be critical to the development of that field. Dr. Kelley noted that Dr. Strauss is one of the world’s leaders in this area.

Developmental Biology. The Health System has just received a multi-million dollar grant from the Howard Hughes Medical Institute to support developmental biology, an important initiative for the Health System.

Gene Therapy. Finally, Dr. Kelley reported that the first human gene therapy studies ever in patients with mesothelioma were initiated this past month at HUP.

IV. Trustee Committee Reports

A. Budget and Finance - Mrs. Catherwood

Action........1. A Resolution on the Acquisition of Dooley-Lynch Associates was approved as follows:

The University of Pennsylvania Health System ("UPHS"), consistent with its goal of developing an academic integrated health care delivery system over a broad region including high quality community hospitals and physicians, proposes to cause UPHS to acquire Dooley-Lynch Associates ("DLA") as described below.

UPHS wishes to develop a community-based radiology network in furtherance of its academic mission. The practice of radiology is undergoing a radical change with an increasing shift from inpatient to outpatient studies. UPHS’s Department of Radiology is nationally recognized as a leader in the education of residents and fellows, as well as clinical research. In order to maintain this position, it is important that the department have clinical volume. To achieve this goal, the department plans to establish a Division of Community Radiology to provide off-site radiology services in support of the developing UPHS provider network. DLA, an existing group of radiologists, has been selected to serve as the centerpiece of our community radiology network. The selection of the group is based on several factors including the quality of their professional services, the group's substantial managed care experience, including capitation, the fact that the group has already established freestanding, outpatient radiology facilities in five locations throughout Chester and Montgomery Counties and the group's experience in providing hospital-based radiology services under exclusive agreements, i.e.,
Phoenixville Hospital. DLA consists of seven radiologists, four of whom are shareholders and three are employees of the practice. The leader of the practice is Michael Bleshman, M.D.

The intent will be to have residents and fellows rotate through many of these facilities, thereby insuring the viability of our educational program. The patients seen in these outpatient facilities will also be available for the clinical research that is so vital for our research programs.

The DLA acquisition will serve as the cornerstone for the community-based radiology network by giving UPHS access to an infrastructure in place and, principally through Dr. Bleshman, experience and expertise in providing quality radiology services in a managed care environment.

RESOLVED, that UPHS is hereby authorized to acquire the assets of DLA and Pent-View Partnership (a related partnership), and to negotiate, execute, deliver and perform definitive agreements regarding such transaction and the employment of such physicians, with such additional terms and changes as the CEO/Dean and the SVP for Network Development and each of them considers appropriate and in the best interest of UPHS; and

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

Action........2. A Resolution on Routine Capital Budget Items for the Hospital of the University of Pennsylvania for Fiscal Year 1996 was approved as follows:

In June 1995, the Trustees approved a capital budget authorization of $156,335,000 for the University of Pennsylvania Health System - Health Services for Fiscal Year 1996. This authorization included a non-itemized routine capital budget authorization in the amount of $12,062,000 for the Hospital of the University of Pennsylvania. Management of the Hospital proposes the approval of specific capital budget items comprising this amount. These items have been reviewed and approved by the Health System Trustee Board Executive Committee.

RESOLVED, that the itemization of the previously approved routine capital budget authorization of $12,062,000 for the Hospital of the University of Pennsylvania for Fiscal Year 1996 be and the same hereby is approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such items as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

Action........3. A Resolution on the Disposition of 938 North Madison Street, Arlington, Virginia, was approved as follows:

In 1994 the University received a partial interest in property located at 938 North Madison Street, Arlington, Virginia (the "Property") as a beneficiary under the will of Alfred G. Ennis. As the result of certain transactions with another beneficiary of the Ennis Estate which were approved by the Trustees on March 17, 1995, the University
now owns the Property outright. The University has received an offer to purchase the Property for $180,800. Proceeds from the sale will be used for the benefit of the School of Engineering and Applied Science.

RESOLVED, that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to proceed with the sale and conveyance of the Property for a purchase price of $180,800 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.........4. A Resolution on the Disposition of 316 S. Garfield St., Arlington, Virginia, was approved as follows:

In 1994 the University received a partial interest in property located at 316 South Garfield Street, Arlington, Virginia (the "Property") as a beneficiary under the will of Alfred G. Ennis. As the result of certain transactions with another beneficiary of the Ennis Estate which were approved by the Trustees on March 17, 1995, the University now owns the Property outright. The University has received an offer to purchase the Property for $187,000. Proceeds from the sale will be used for the benefit of the School of Engineering and Applied Science.

RESOLVED, that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to proceed with the sale and conveyance of the Property for a purchase price of $187,000 and to proceed with the execution and delivery of the deed and all necessary affidavits and other documents required in connection with such sale and conveyance and that any actions heretofore taken by such officers in furtherance of the purposes of this resolution are hereby ratified and affirmed.

Action.........5. A Resolution on the Acquisition of Walnut West Associates Partnership Interests Owned by University City Associates Inc. and the Dissolution of Walnut West Associates was approved as follows:

The University intends to acquire the partnership interests of Walnut West Associates owned by University City Associates, Inc. Walnut West Associates is both the ground lessee and space sublessor of the University with respect to 3401 Walnut Street, Philadelphia, Pennsylvania. The University, the University of Pennsylvania "Walnut West" Pooled Income Fund, and University City Associates, Inc. are the only partners of Walnut West Associates. The estimated purchase price of the Walnut West Associates general partnership interests owned by University City Associates, Inc. is $3,800,000, and it is proposed that such purchase price shall be paid in the form of an installment note, with the first installment payment due after January 1, 1996. Contemporaneously with this acquisition, it is anticipated that the participants in the University of Pennsylvania "Walnut West" Pooled Income Fund shall transfer their interests in such Fund to the University, which will automatically transfer the University of Pennsylvania "Walnut West" Pooled Income Fund's partnership interests in Walnut West Associates to the University. Upon the transfer of all Walnut West Associates partnership interests to the University, Walnut West Associates shall automatically dissolve.

RESOLVED, that The Trustees of the University of Pennsylvania, a Pennsylvania nonprofit corporation (the "University") acquire the 52.76% general partnership interest of Walnut West Associates, a Pennsylvania general partnership (the "Partnership" and each general partnership interest in the Partnership a "Partnership Interest"), owned by University City Associates, Inc., a Pennsylvania corporation and a wholly owned
subsidiary of the University ("UCA"), for an aggregate purchase price of Three Million Eight Hundred Thousand ($3,800,000) Dollars or such other sum as is determined by a current appraisal of that certain lot or parcel of ground located at and known as 3401 Walnut Street, Philadelphia, Pennsylvania (the "Property"), prepared by a qualified appraiser acceptable to the Treasurer of the University; and

FURTHER RESOLVED, that the Executive Vice President, Vice President for Finance or the Treasurer of the University, either alone or together, is hereby authorized, directed and empowered to execute and deliver, and the Secretary or any Assistant Secretary is hereby authorized to attest, such documents as are necessary and appropriate to effectuate the acquisition of UCA's Partnership Interest as herein provided, including, without limitation, such affidavits, certificates, and other documents of the University, the execution of such documents by such officers to be conclusive evidence of the approval thereof and of the terms and conditions contained therein by the University; and

FURTHER RESOLVED, that, in consideration of the transfer of UCA's Partnership Interest, the University shall execute and deliver to UCA an installment note (the "Note") in the principal amount of Three Million Eight Hundred Thousand ($3,800,000) Dollars (or such other sum as is determined by a current appraisal of the Property prepared by a qualified appraiser acceptable to the Treasurer) payable in ten (10) monthly installments, the first installment payment due after January 1, 1996, and upon such other terms and conditions as the Executive Vice President, Vice President for Finance or the Treasurer of the University may deem advisable; and

FURTHER RESOLVED, that the Executive Vice President, Vice President for Finance or the Treasurer of the University, either alone or together, is hereby authorized, directed and empowered to execute and deliver, and the Secretary or any Assistant Secretary is hereby authorized to attest, the Note and such other documents as are necessary and appropriate to effectuate the execution and delivery of the Note, the execution of such documents by such officers to be conclusive evidence of the approval thereof and of the terms and conditions contained therein by the University; and

FURTHER RESOLVED, that, the University, for itself and as a general partner of the Partnership, shall enter into a consent and assumption agreement (the "Consent and Assumption Agreement") with Mellon Bank, N.A. whereby the University shall assume all obligations of the Partnership under the Partnership's loan agreement with Mellon Bank, N.A., dated June 15, 1993, such Consent and Assumption Agreement to be in a form acceptable to the Executive Vice President, Vice President for Finance or the Treasurer of the University; and

FURTHER RESOLVED, that the Executive Vice President, Vice President for Finance or the Treasurer of the University, either alone or together, is hereby authorized, directed and empowered to execute and deliver, and the Secretary or any Assistant Secretary is hereby authorized to attest, the Consent and Assumption Agreement and such other documents as are necessary and appropriate to effectuate the execution and delivery of the Consent and Assumption Agreement, the execution of such documents by such officers to be conclusive evidence of the approval thereof and of the terms and conditions contained therein by the University; and

FURTHER RESOLVED, that, the University, for itself and as a general partner of the Partnership, shall enter into a Second Allonge to Note (the "Allonge") with Mellon Bank, N.A., such Allonge to be in a form acceptable to the Executive Vice President, Vice President for Finance or the Treasurer of the University; and

FURTHER RESOLVED, that the Executive Vice President, Vice President for Finance or the Treasurer of the University, either alone or together, is hereby authorized, directed
and empowered to execute and deliver, and the Secretary or any Assistant Secretary is hereby authorized to attest, the Allonge and such other documents as are necessary and appropriate to effectuate the execution and delivery of the Allonge, the execution of such documents by such officers to be conclusive evidence of the approval thereof and of the terms and conditions contained therein by the University; and

FURTHER RESOLVED, that the University, upon the acquisition of all of the Partnership Interests shall cancel that certain ground lease dated July 1, 1985 (as heretofore amended, the "Ground Lease") pursuant to which the Property was leased to the Partnership; and

FURTHER RESOLVED, that the Executive Vice President, Vice President for Finance or the Treasurer of the University, either alone or together, is hereby authorized, directed and empowered to execute and deliver, and the Secretary or any Assistant Secretary is hereby authorized to attest, such documents as are necessary and appropriate to effectuate the cancellation of the Ground Lease as herein provided, including, without limitation, such affidavits, certificates, notes and other documents of the University, the execution of such documents by such officers to be conclusive evidence of the approval thereof and of the terms and conditions contained therein by the University; and

FURTHER RESOLVED, that it is understood that, upon the acquisition of the Partnership Interests, the Partnership shall automatically dissolve and wind-up; and

FURTHER RESOLVED, that the Executive Vice President, Vice President for Finance or the Treasurer of the University, either alone or together, is hereby authorized, directed and empowered to execute and deliver, and the Secretary or any Assistant Secretary is hereby authorized to attest, such documents as are necessary and appropriate to facilitate the dissolution and winding-up of the Partnership as herein provided, including, without limitation, such affidavits, certificates, notes and other documents of the University, the execution of such documents by such officers to be conclusive evidence of the approval thereof and of the terms and conditions contained therein by the University; and

FURTHER RESOLVED, that the University, upon the dissolution and winding-up of the Partnership shall be authorized to execute any necessary assignments of sub-leases of the Partnership, and terminate any sub-leases of the Partnership under which the University is the sub-tenant; and

FURTHER RESOLVED, that the Executive Vice President, Vice President for Finance or the Treasurer of the University, either alone or together, is hereby authorized, directed and empowered to execute and deliver, and the Secretary or any Assistant Secretary is hereby authorized to attest, such documents as are necessary and appropriate to effectuate the assignment or termination of the Partnership sub-leases as herein provided, including, without limitation, such affidavits, certificates, notes and other documents of the University, the execution of such documents by such officers to be conclusive evidence of the approval thereof and of the terms and conditions contained therein by the University; and

FURTHER RESOLVED, that the University does hereby ratify, confirm and approve any and all actions taken and documents executed and delivered prior to the adoption of these resolutions by the Executive Vice President, Vice President for Finance or the Treasurer of the University in connection with the transactions referred to in these resolutions; and

FURTHER RESOLVED, that the Executive Vice President, Vice President for Finance or the Treasurer of the University is hereby authorized, directed and empowered in the name and on behalf of the University to perform any and all acts as may be necessary, desirable or appropriate to execute, file and deliver all instruments and other documents
contemplated by the foregoing resolutions and to take any and all further actions which such officers may deem necessary, desirable or appropriate to effectuate any action authorized by these resolutions and otherwise to carry out the purposes and intent of the foregoing resolutions, including, without limitation, entering into, amending or terminating any leases for the Property or portions thereof; and the execution by such officers of any such documents or the performance by such officers of any such act in connection with the foregoing matters shall conclusively establish such officer's authority therefrom the University and the approval and ratification by the University of the documents so executed and the actions so taken.

Action.........6. A Resolution on the Transfer of Participant Interests in the "Walnut West" Pooled Income Fund to the University of Pennsylvania was approved as follows:

On January 20, 1986, the University executed a certain "Declaration of Trust of the University of Pennsylvania `Walnut West' Pooled Income Fund" (the "Trust"), pursuant to which the University is the sole trustee of the University of Pennsylvania "Walnut West" Pooled Income Fund. The Fund is a general partner of Walnut West Associates. It is anticipated that all of the Participants will choose to transfer to the University their interests in the Fund. Upon such transfers, the University will hold title to all income and remainder interests in the Fund, and by the terms of the trust, the assets of the Fund will pass to the University. Concurrently, under the Walnut West Associates Partnership Agreement, upon the transfer of Fund interests to the University, the Fund's partnership interest in Walnut West Associates automatically transfers to the University.

RESOLVED, that the University, in its capacity as trustee of the Fund, shall offer each of the beneficiaries of the Fund (the "Participants" and each Participant's interest in the Fund, a "Fund Interest"), the following options (hereinafter, the "Options"): (1) Participants who desire a continuing income interest may choose a fixed annuity that the University will offer in exchange for their interest in the Fund, which will pay 14.1% on such Participant's original contribution to the Fund, for the balance of such Participant's life; (2) Participants may donate to the University their respective remaining lifetime income interests in the Fund; or (3) Participants may remain in the Fund, which will invest in a portfolio of stocks and bonds that will pay income to the remaining Participants, similar to other pooled income vehicles; and

FURTHER RESOLVED, that, on behalf of the University as Trustee of the Fund, the Executive Vice President, the Vice President for Finance or the Treasurer of the University, either alone or together, is hereby authorized, directed and empowered to execute and deliver, and the Secretary or any Assistant Secretary is hereby authorized to attest, such documents as are necessary and appropriate to effectuate the offering of the Options to the Participants as herein provided, including, without limitation, such affidavits, certificates and other documents of the University, the execution of such documents by such officers to be conclusive evidence of the approval thereof and of the terms and conditions contained therein by the University; and

FURTHER RESOLVED, that the University, on its own behalf and as Trustee of the Fund, upon a determination by the officers of the University of the actions necessary to effectuate the Options, shall take any and all actions necessary to implement the Options; and

FURTHER RESOLVED, that, on behalf of the University in its individual capacity and as Trustee of the Fund, the Executive Vice President, the Vice President for Finance or the Treasurer of the University, either alone or together, is hereby authorized, directed and empowered to execute and deliver, and the Secretary or any Assistant Secretary is hereby authorized to attest, such documents as are necessary and appropriate to effectuate the Options as herein provided, including, without limitation, such affidavits, certificates
and other documents of the University, the execution of such documents by such officers to be conclusive evidence of the approval thereof and of the terms and conditions contained therein by the University; and

FURTHER RESOLVED, that the University, as Trustee of the Fund, shall, pursuant to Section 8 of the Trust, transfer to the University the Participant Interests of those Participants who choose to transfer their Participant Interests to the University; and

FURTHER RESOLVED, that, on behalf of the University as Trustee of the Fund, the Executive Vice President, the Vice President for Finance or the Treasurer of the University, either alone or together, is hereby authorized, directed and empowered to execute and deliver, and the Secretary or any Assistant Secretary is hereby authorized to attest, such documents as are necessary and appropriate to effectuate the transfer of Participant Interests to the University as herein provided, including, without limitation, such affidavits, certificates and other documents of the University, the execution of such documents by such officers to be conclusive evidence of the approval thereof and of the terms and conditions contained therein by the University; and

FURTHER RESOLVED, that the University, on its own behalf, hereby accepts the transfer of any Participant Interest offered to the University; and

FURTHER RESOLVED, that it is understood that, under Section 8.02 of the General Partnership Agreement of Walnut West Associates, a Pennsylvania general partnership (the "Partnership"), upon the transfer of any Participant Interest to the University, the percentage interest in the Partnership attributable to such Participant Interest is automatically transferred to the University; and

FURTHER RESOLVED, that it is understood that, upon the transfer of all Participant Interests to the University, the Fund shall terminate; and

FURTHER RESOLVED, that, on behalf of the University in its individual capacity and as Trustee of the Fund, the Executive Vice President, Vice President for Finance or Treasurer of the University, either alone or together, is hereby authorized, directed and empowered to execute and deliver, and the Secretary or any Assistant Secretary is hereby authorized to attest, such documents as are necessary and appropriate to facilitate such termination of the Fund as herein provided, including, without limitation, such affidavits, certificates and other documents of the University, the execution of such documents by such officers to be conclusive evidence of the approval thereof and of the terms and conditions contained therein by the University; and

FURTHER RESOLVED, that the University, as Trustee of the Fund and a general partner of the Partnership, hereby approves the transfer and sale of the general partnership interests of the Partnership owned by University City Associates, Inc. to the University; and

FURTHER RESOLVED, that the University, on its own behalf and as Trustee of the Fund, does hereby ratify, confirm and approve any and all actions taken and documents executed and delivered prior to the adoption of these resolutions by the Executive Vice President, Vice President for Finance or Treasurer of the University in connection with the transactions referred to in these resolutions; and

FURTHER RESOLVED, that, on behalf of the University, in its capacity as trustee of the Fund, the Executive Vice President, Vice President for Finance or Treasurer of the University is hereby authorized, directed and empowered in the name and on behalf of the University to perform any and all acts as may be necessary, desirable or appropriate to execute, file and deliver all instruments and other documents contemplated by the
foregoing resolutions and to take any and all further actions which such officers may deem necessary, desirable or appropriate to effectuate any action authorized by these resolutions and otherwise to carry out the purposes and intent of the foregoing resolutions; and the execution by such officers of any such documents or the performance by such officers of any such act in connection with the foregoing matters shall conclusively establish such officer's authority therefrom from the University and the approval and ratification by the University of the documents so executed and the actions so taken.

Action.........7. A Resolution on the Renovation of Locust House at 3643 Locust Walk was approved as follows:

The University proposes to create administrative offices for its Women's Center and other student life programs in the building at 3643 Locust Walk, known as the Locust House, on behalf of the Office of the Vice Provost for University Life. This project will advance the University's objective of accommodating a variety of programs and activities on Locust Walk. The renovation is estimated to cost $1,250,000 and will be funded by central University resources.

RESOLVED, that renovations to Locust House, at 3643 Locust Walk, estimated to cost $1,250,000, be and the same hereby are approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, proceed with such renovations, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost 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.........8. A Resolution on Design Fees and Other Work on Logan Hall Interior for the School of Arts and Sciences and the Perelman Quadrangle was approved as follows:

The University proposes to renovate the upper floors of Logan Hall for several School of Arts and Sciences academic departments and the administrative offices of the College and the General Honors program and also proposes to renovate the ground floor which will provide facilities for student activities as part of the Perelman Quadrangle. The design and documentation fees and necessary demolition and structural work are estimated to cost $2,603,000 and will be funded by central University resources.

RESOLVED, that design and documentation and required demolition and structural work for the interior renovation of Logan Hall for the School of Arts and Sciences and the Perelman Quadrangle, estimated to cost $2,603,000, be and the same hereby are approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, proceed with such work, 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.........9. A Resolution on Design Fees for the Perelman Quadrangle Irvine Auditorium Renovation was approved as follows:

The University proposes to renovate Irvine Auditorium as part of the Perelman Quadrangle. The Irvine Auditorium renovation will enhance the acoustical quality of the performance hall for musical events and speaking engagements and will provide support facilities for student musical groups. The design fees are estimated to cost $2,283,000 and will be funded by central University resources.

RESOLVED, that design fees for the Perelman Quadrangle - Irvine Auditorium renovation, estimated to cost $2,283,000, be and the same hereby are approved and that
the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, proceed with such work, 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 Design Fees for the Perelman Quadrangle Houston Hall Renovation was approved as follows:

The University proposes to renovate Houston Hall as part of the Perelman Quadrangle. The Houston Hall renovation will create large, open public spaces on the first two floors, meeting rooms on the second floor and student activities facilities on the third floor. The design fees are estimated to cost $2,037,000 and will be funded by central University resources.

RESOLVED, that design fees for the Perelman Quadrangle - Houston Hall renovation, estimated to cost $2,037,000, be and the same hereby are approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, proceed with such work, 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**.............11. A Resolution on Design Fees and Related Costs for Perelman Quadrangle Site Work and Landscaping was approved as follows:

The University proposes to enhance the quadrangle bounded by Irvine Auditorium, Houston Hall, Logan Hall and College Hall with more seating spaces and plazas, landscaping and better accessibility as part of the Perelman Quadrangle. The project also includes areas to the north and west of Logan Hall, the Williams Hall courtyard, the 36th Street entrance into the campus, the service yard by Irvine Auditorium and related spaces. The design and documentation work and surveys are estimated to cost $1,765,000 and will funded by central University resources.

RESOLVED, that design fees and related costs for Perelman Quadrangle site work and landscaping, estimated to cost $1,765,000, be and the same hereby are approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, proceed with such work, 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 Renovation of Lewis and Pepper Halls for the Law School, Phase I, was approved as follows:

The University proposes to commence a phased project to renovate Lewis and Pepper Halls. This project will build facilities in the area previously occupied by the Law Library for departments dislocated by the Tanenbaum Hall project and also will provide needed instructional facilities.

Phase I will renovate the ground floor for the Legal Clinic, the first floor for a flexible courtroom and the second floor for Alumni and Development offices and two classrooms. The work will include the restoration of the north reading room for classroom use. Phase I is estimated to cost $7,339,000 and will be funded by the Law School.
RESOLVED, that renovations to Lewis and Pepper Halls, Phase I, estimated to cost $7,339,000, be and the same hereby are approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, proceed with such renovations, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

B. Investment Report - Mr. Miller

Mr. Miller presented a report on investment performance in the absence of Mr. Neff, chair of the Investment Report. Referring the Committee to the written report provided in the meeting book, he noted that the market value of the Total Endowment now exceeds $1.8 billion. Projected investment income for the next twelve months is $66.1 million, as compared with a projection of $9 million sixteen years ago, at December 1979. The market value of the endowment is now nine times the value at December 1979.

On an annualized basis since 12/31/94, the value of the Associated Investment Fund has increased 27.7%, the AIF Equity Fund 33.7%, and the AIF (Neff Managed) Common Stocks 38.6%, compared to 34.8% for the S&P 500 Stock Average. Some part of Penn’s equities, he reminded, are now managed by Sanford C. Bernstein & Co., and these have gotten off to a bit of a slow start but are now doing well. Given, however, that it has been a growth stock oriented market, particularly in the past six-seven months, the strong performance of Penn’s value-oriented fund is cause for great pleasure. Other components of Penn’s investments have also done well, particularly bonds in the AIF Fixed Income Fund, and the AIF High Yield Fund, whose 21.8% return is a full four percentage points over the Salomon Bros. High Yield Index.

V. Overseer and Other Boards

RESOLVED, that Walter S. Grossman be appointed to the Board of Overseers of the School of Arts and Sciences for a three-year term, effective December 15, 1995.

RESOLVED, that Marie H. Field be appointed to the Board of Overseers of the School of Social Work for a three-year term, effective December 15, 1995.

RESOLVED, that Paul M. Yeakel be appointed to the Board of Overseers of the University Libraries for a three-year term, effective December 15, 1995.

RESOLVED, that Richard A. Collier, Esq. be appointed to the Board of Overseers of the School of Dental Medicine for a three-year term, effective December 15, 1995.

RESOLVED, that Edwin Krawitz be appointed to the Athletics Advisory Board for a three-year term, effective December 15, 1995.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Barbara R. Stevens
Vice President and Secretary of the University