Minutes of Meeting of

Executive Committee of the Trustees
of the
University of Pennsylvania

March 5, 1996

A meeting of the Executive Committee of the Trustees of the University of Pennsylvania was held at 3:15 pm Tuesday, March 5, 1996, in the Tea Room, Faculty Club. Trustees present were Susan W. Catherwood (meeting chair), Gloria T. Chisum, Robert A. Fox, Stephen Heyman, Natalie I. Koether, Andrea Mitchell, John Neff, Judith Rodin (ex officio), Saul P. Steinberg, and Myles H. Tanenbaum. Others attending were Stanley Chodorow, John A. Fry, Karen Gaines, Stephen Golding, Shelley Z. Green, Ben Hammer, William N. Kelley, William Kissick, Trudy J. Kuehner, Edward Resovsky and Barbara R. Stevens.

I. Call to Order - Mrs. Catherwood

A. The minutes of the Committee’s meeting of December 15, 1995 (previously distributed), were approved.

Action..........B. The Committee approved the following Memorial Resolution for Esther I. Kahn:

Memorial Resolution
Esther Israeli Kahn

August 9, 1905 - February 24, 1996

Esther Israeli Kahn brought talent and enthusiasm for life and learning to all her roles at the University of Pennsylvania over her long association with Penn. A native West Philadelphian, she graduated from West Philadelphia High School and then earned her bachelor’s degree in education at the University of Pennsylvania in 1927, earning membership in Phi Beta Kappa, and went on to earn her master’s degree in psychology at Penn in 1933. A devoted alumna, she was a founder of the Penn Alumnae Club in Philadelphia and a recipient of the Alumni Award of Merit in 1978. She served as a member of the Board of Overseers of the Graduate School of Fine Arts since the 1970s and was elected an Overseer Emeritus in 1995 in recognition of her many contributions to that board.

Mrs. Kahn was research assistant in neuropathology for neurologist Bernard J. Alpers, first at Penn and then at Jefferson Medical College, for more than 30 years, retiring in 1966. Her appetite for learning was lifelong, and much of her readings, studies and travel related to her interests in the arts and history as well as science.
Always foremost in her affections and the grateful beneficiary of her knowledge and abilities was Penn’s Graduate School of Fine Arts, where her husband, renowned architect Louis I. Kahn, studied architecture and where he taught for 17 years. In the 22 years since her husband’s death, Mrs. Kahn lectured widely and visited extensively with students both on campus and at her home, where students were always welcome, sharing Mr. Kahn’s legacy with them and encouraging them in their own work. She was instrumental in having the Kahn Archives placed at the GSFA and tireless in her fundraising and other work for the School.

With her humor, intelligence and warmth, Mrs. Kahn earned a special place in the heart of generations of students and faculty and all who had the privilege of knowing her. She was a wonderful and effective link between the University and the City of Philadelphia, between the City and the wider world, and between generations.

RESOLVED, that the Trustees of the University of Pennsylvania, on their own behalf and on behalf of the overseers, faculty, students, alumni and entire University community, express their deep sorrow over the death of their friend Esther Kahn, and in recording this official resolution in her memory, ask the Secretary of the University to convey to her family their gratitude for the long and profound association the University enjoyed with Mrs. Kahn, their gratitude for all Mrs. Kahn did to help ensure that the excellence of the University and its Graduate School of Fine Arts will continue into the next century, and the University community’s sympathy for her family.

II. **President’s Report - Dr. Rodin**

A. **Comments**

**ENIAC Celebration.** Dr. Rodin reported that the February 14th celebration of the 50th anniversary of the invention of ENIAC—the world’s first general purpose, programmable, digital electronic computer—at which Vice President Al Gore was the keynote speaker was a wonderful occasion for Penn. Vice President Gore’s visit and the other events of the day brought Penn a great deal of valuable attention and well-deserved recognition for its past -- and future -- technological innovation in the Second American Revolution. Dr. Rodin commended the many faculty, students, and staff who helped to make these events a success, and particularly those who spearheaded the two-year planning effort: SEAS Dean Greg Farrington and SEAS development director Dennis Brown; and Barbara Stevens, Barbara Beck, and the entire staff at News & Public Affairs. It was an extraordinary event, she remarked, and one of which Penn should be very proud.

**Other Visits.** Dr. Rodin reported that the campus had also enjoyed the visits of two luminous literary figures this winter. Playwright Tom Stoppard visited Penn earlier in February as the Steinberg Fellow in the School of Arts and Sciences. Over the course of a marvelous three-day visit, he engaged the entire Penn community, and the students in particular were thrilled by his presence. His visit culminated the year-long Freshman Reading Project, known this year as the
“Arcadia Project,” and was integrated with the annual Steinberg Symposium, made possible through the generosity of Saul and Gayfryd Steinberg.

The campus also enjoyed an extraordinary visit by Terry McMillan, hosted by Penn’s Afro-American Studies Program. Ms. McMillan, the author of the book and now popular movie, *Waiting to Exhale*, made her own stimulating and dramatic contribution to an exciting and eventful month.

**Agenda for Excellence.** Dr. Rodin reported that the strategic planning document, *Agenda for Excellence*, which was discussed at the January Trustee meetings, has now been forwarded to the individual Schools, where a great deal of work is being undertaken on the Schools’ own plans. By the late spring her office will have received all of the School and vice presidential administrative unit plans, which will be integrated over the summer with the *Agenda* document. By the trustees’ October meeting, she will be able to present an integrated strategic plan for Penn’s leadership role in the 21st century.

**B. Academic Report - Dr. Chodorow**

1. **Comments**

1. **Faculty Honors.** Provost Chodorow reported on a few highlights among recent faculty honors:

Dean of Nursing Norma Lang recently received the 1996 Alumni Association Merit Award at Marquette University. She was also honored with an invitation to receive the honorary degree of Doctor of Science at the SUNY Health Science Center at Brooklyn.

Lee Stetson, Dean of Admissions, has been elected to a four-year term on the Board of Trustees of the College Board.

The March 5 *New York Times* reported on the work of Dr. Ponzy Lu, Professor of Chemistry, who has been able to describe the three-dimensional nature of a protein that is critical in the digestion of lactose. This is a major discovery in the series of important studies of this particular protein which lead back to at least one or two Nobel prizes in the past.

Three University of Pennsylvania economists were recently elected Fellows of the Econometric Society, one of the world’s most prestigious economic societies: Dr. George Mailath, whose areas of research are game theory, microeconomic theory and mathematical economics; Dr. Rafael Rob, who studies industrial organization and microeconomic theory; and Dr. Kenneth Wolpin, who specializes in labor economics and empirical economics.

Dr. Chodorow also reported on one highlight among recent student honors. Each year, five students from across the country are awarded the Howard Swearer Student Humanitarian Award for outstanding public service activity. This year two of the five are Penn students: juniors Abby Close and Jonathan Seeg, who have been involved at the Shaw Middle School working with eighth-grade students in environmental studies relating to the presence of lead in the
environment of their community. The awards will be presented on March 18 in Chicago at the American Association of Higher Education National Conference.

**Action**

2. The Resolution on Faculty Appointments and Promotions at pp. 2-20 of the meeting book was approved.

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

Mr. Fry presented a financial report including financial performance projections 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 January 31, 1996. In addition, his report covered the operating performance of the Health Services component of the University of Pennsylvania Health System for the six months ended December 31, 1995.

**University - Unrestricted.** Mr. Fry reported that as of the end of seven months of the current fiscal year, a General University breakeven performance 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.

Positive factors affecting performance include special program and fee revenue, temporary investment income, unallocated subvention 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, the anticipated loss of the Morris Arboretum Commonwealth Appropriation, general University tuition, graduate tuition, summer and special tuition, indirect cost recovery, gift income, sales revenue, projected overruns in several expense categories, and a contingency reserve for a Federal indirect cost recovery reduction.

At the School and Center level, deficits are projected for the School of Arts and Sciences ($2,750,000), the Annenberg Center ($250,000) and Intercollegiate Athletics ($150,000). The Graduate School of Education is projected with a surplus of $100,000. All other schools and centers are projected at breakeven performance. These projections include a $1 million contingency reserve for a reduction of 2.5% in our FY96 federal indirect cost recovery rate, which has just begun to be negotiated.

**University - Restricted.** Restricted expenditures increased by 4% as compared with the same time the prior year. Endowment, Gift and Grant and Contract Fund Expenditures increased by 6.4%, 24.6% and 1.5%, respectively, over the same period the prior year. The current amount available for grant and contract expenditures of approximately $202 million is 9.8% more than at the same time last year, and projected on a straight-line expenditure basis, months of expendable awards are 8.2% higher than at the same time the prior year.

**Health System - Health Services Component.** For the six months ended December 31, 1995, the 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
$56.7 million. The Physician Practices reported a surplus of $1 million while the Hospitals reported a balance of $55.7 million.

D. Health System Report - Dr. Kelley

Research base. Dr. Kelley was pleased to report that the School of Medicine advanced to fifth place in FY1995 in the National Institutes of Health (NIH) research rankings, from sixth place in FY1994. In addition, and again something of which the Health System is immensely proud, it had the fastest rate of growth of the top 10 medical centers in the country for both FY 1995 and over the past five years.

Presbyterian Medical Center. Major efforts are underway at Presbyterian Medical Center to continue to strengthen it as a community hospital. The UPHS/Presbyterian merger offers a wonderful opportunity to reassess the optimal location of a number of services that are already over capacity at HUP. The acquisition also allows the Health System to bring a number of physicians into Presbyterian, which should be tremendously important to that institution, to the rest of the Health System, and to the West Philadelphia community.

Health Care Network. The Health System continues to actively achieve the goals set forth in its plan for the development of the Health Care Network.

BRB II. Dr. Kelley noted the Health System’s pleasure that the construction of Biomedical Research Building II was on the agenda for approval at this meeting. The entire Health System is excited about this important new facility, he reported.
III. **Trustee Committee Reports**

A. **Budget and Finance**

*Action*...........1. A Resolution on Tuition, Fees and Other Student Charges for Academic Year 1996-97 was approved as follows:

The administration proposes to establish the following tuition, fees and other student charges for academic year 1996-1997:

- For undergraduates, tuition, fees, room and board will total $28,096. This includes tuition of $18,964, a general fee of $1,766, a technology fee of $400, an average room rate in the residence halls of $4,342, and a dining charge for the 15 meal plan of $2,624. For graduate students, tuition and fees will total $21,992. This includes tuition of $20,644 and a general fee of $1,348. For professional schools, tuition will be determined administratively to reflect the budget requirements of the various schools. The general fee for professional school students will be $1,064.

RESOLVED, that for academic year 1996-1997, total undergraduate charges will be $28,096, including tuition of $18,964, a general fee of $1,766, a technology fee of $400, an average room rate in the residence halls of $4,342, and a dining charge for the 15 meal plan of $2,624; tuition and fees for graduate students will be $21,992; professional school tuition will be determined administratively to reflect the budget requirements of the various schools and the general fee for professional school students will be $1,064; and part-time tuition and fees rates will be determined administratively and will increase proportionately.

*Action*...........2. A Resolution on the Construction of Biomedical Research Building II, School of Medicine, was approved as follows:

The School of Medicine proposes to construct Biomedical Research Building II in order to provide modern research facilities to ensure continued growth in the School's research programs. The scope of the project includes the construction of a ten-story building and the fit-out of the first five floors. Trustee approval for Biomedical Research Building III, which will fit-out the remaining five floors and add a lower wing with conference facilities, will be requested at a later date. Biomedical Research Building II is estimated to cost $100,000,000 and will be funded by the School of Medicine and University debt.

RESOLVED, that the construction of Biomedical Research Building II, estimated to cost $100,000,000, be and the same hereby is approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, 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.

Action.........3. A Resolution Amending Borrowing Resolution of January 19, 1996, was approved as follows:

The Trustees of the University of Pennsylvania by resolution adopted January 19, 1996 (the "Borrowing Resolution") authorized the funding of capital projects listed on Exhibit "A" thereto with the proceeds of up to $30,000,000 of taxable or tax-exempt indebtedness. The Administration recommends that Biomedical Research Building II be added to the list of facilities that can be financed pursuant to the Borrowing Resolution.

RESOLVED, that The Trustees of the University of Pennsylvania hereby approve the addition of Biomedical Research Building II to the list of facilities that can be financed pursuant to the Borrowing Resolution and, except as amended hereto, the Borrowing Resolution shall remain in full force and effect.

Action.........4. A Resolution on the Acquisition of the Medical Practice Assets of Norman Feinsmith, M.D., was approved as follows:

The University of Pennsylvania Health System ("UPHS") and Norman Feinsmith, M.D. (Sole Proprietor) have executed a letter of intent in which UPHS, on behalf of the Trustees of the University of Pennsylvania, proposes to acquire Dr. Feinsmith's medical practice assets (the "Practice"). Dr. Feinsmith will be recommended for appointment to the Standing Faculty as an Assistant Professor (Clinician-Educator Track) in the School of Medicine, and be employed within the Clinical Practices of the University of Pennsylvania, Cardiology Division. The University of Pennsylvania Health System Executive Committee recommends approval of the acquisition of the Practice.

RESOLVED, that UPHS is hereby authorized to acquire the Practice Assets of Norman Feinsmith, M.D., substantially in accordance with the terms and conditions of the transaction as presented, and to negotiate, execute, deliver and perform definitive agreements regarding such transaction and the employment of such physician, with such additional terms and changes as the Chief Executive Officer of the Health System and Dean of the School of Medicine ("CEO/Dean"), or his designee, considers appropriate and in the best interest of UPHS; and

FURTHER RESOLVED, that the CEO/Dean, or his designee, 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 this resolution, such determination to be conclusively evidenced by the taking of such action or the execution of such documents.
Action.........5. A Resolution on the Acquisition of the Medical Practice Assets of Robert I. Katz, M.D., was approved as follows:

The University of Pennsylvania Health System ("UPHS") and Robert I. Katz, M.D. (Sole Proprietor) have executed a letter of intent in which UPHS, on behalf of the Trustees of the University of Pennsylvania, proposes to acquire Dr. Katz's medical practice assets (the "Practice"). Dr. Katz will be recommended for appointment to the Standing Faculty as an Assistant Professor (Clinician-Educator Track) in the School of Medicine, and be employed within the Clinical Practices of the University of Pennsylvania, Cardiology Division. The University of Pennsylvania Health System Executive Committee recommends approval of the acquisition of the Practice.

RESOLVED, that UPHS is hereby authorized to acquire the Practice Assets of Robert I. Katz, M.D., substantially in accordance with the terms and conditions of the transaction as presented, and to negotiate, execute, deliver and perform definitive agreements regarding such transaction and the employment of such physician, with such additional terms and changes as the Chief Executive Officer of the Health System and Dean of the School of Medicine ("CEO/Dean"), or his designee, considers appropriate and in the best interest of UPHS; and

FURTHER RESOLVED, that the CEO/Dean, or his designee, 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 this resolution, such determination to be conclusively evidenced by the taking of such action or the execution of such documents.

Action.........6. A Resolution on the Acquisition of the Medical Practice Assets of Gary J. Vigilante, M.D., was approved as follows:

The University of Pennsylvania Health System ("UPHS") and Gary J. Vigilante, M.D. (Sole Proprietor) have executed a letter of intent in which UPHS, on behalf of the Trustees of the University of Pennsylvania, proposes to acquire Dr. Vigilante's medical practice assets (the "Practice"). Dr. Vigilante will be recommended for appointment to the Standing Faculty as an Assistant Professor (Clinician-Educator Track) in the School of Medicine, and be employed within the Clinical Practices of the University of Pennsylvania, Cardiology Division. The University of Pennsylvania Health System Executive Committee recommends approval of the acquisition of the Practice.

RESOLVED, that UPHS is hereby authorized to acquire the Practice Assets of Gary J. Vigilante, M.D., substantially in accordance with the terms and conditions of the transaction as presented, and to negotiate, execute, deliver and perform
definitive agreements regarding such transaction and the employment of such physician, with such additional terms and changes as the Chief Executive Officer of the Health System and Dean of the School of Medicine ("CEO/Dean"), or his designee, considers appropriate and in the best interest of UPHS; and

FURTHER RESOLVED, that the CEO/Dean, or his designee, 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 this resolution, such determination to be conclusively evidenced by the taking of such action or the execution of such documents.

**Action**

A Resolution on Acquisition of Chestnut Medical Group Building was approved as follows:

Management of Clinical Care Associates of the University of Pennsylvania Health System ("CCA") proposes to cause CCA to acquire a medical office building located at 5630 Chestnut Street, Philadelphia, Pennsylvania (the "Chestnut Medical Group Building").

The Board of CCA and The Trustees of the University of Pennsylvania, as sole member of CCA, have adopted a Primary Care Practice Acquisition Approval Process establishing a policy on the required approval process for primary care physician practice acquisitions and acquisitions of real estate by CCA. In accordance with such policy, the acquisition of the Chestnut Medical Group Building requires approval of the CCA Board, the University of Pennsylvania Health System Trustee Executive Committee, the Budget and Finance Committee of the University of Pennsylvania Trustee Board, and the Executive Committee of the University of Pennsylvania Trustee Board. The CCA Board and the University of Pennsylvania Health System Trustee Executive Committee have approved the acquisition.

RESOLVED, that CCA is hereby authorized to acquire the Chestnut Medical Group Building, in accordance with the Primary Care Practice Acquisition Approval Process, and to negotiate, execute, deliver and perform definitive agreements regarding such transaction, with such additional terms and changes as the Senior Executive, the Executive Director, the Senior Medical Director, and the Director of Physician Recruitment and Network Development and each of them considers appropriate and in the best interest of CCA; and

FURTHER RESOLVED, that the Senior Executive, the Executive Director, the Senior Medical Director, and the Director of Physician Recruitment and Network Development and each of them is hereby authorized, in the name and on behalf of CCA, to take such further action and to negotiate, execute, deliver and perform such agreements and additional documents, consents, certificates and instruments as
such officer may determine to be necessary, appropriate or desirable to carry out the purposes of this resolution, such determination to be conclusively evidenced by the taking of such action or the execution of such documents.

Action.........8. A Resolution on the Acquisition of Central Bucks Pediatrics Associates was approved as follows:

Management of Clinical Care Associates of the University of Pennsylvania Health System ("CCA") proposes to cause CCA to acquire Central Bucks Pediatric Associates, a pediatric physician practice in Doylestown, Pennsylvania.

The Board of CCA and The Trustees of the University of Pennsylvania, as sole member of CCA, have adopted a Primary Care Practice Acquisition Approval Process establishing a policy on the required approval process for primary care physician practice acquisitions by CCA. In accordance with such policy, the acquisition of Central Bucks Pediatric Associates requires approval of the CCA Board, the University of Pennsylvania Health System Trustee Executive Committee, the Budget and Finance Committee of the University of Pennsylvania Trustee Board, and the Executive Committee of the University of Pennsylvania Trustee Board. The CCA Board and the University of Pennsylvania Health System Trustee Executive Committee have approved the acquisition.

RESOLVED, that CCA is hereby authorized to acquire Central Bucks Pediatric Associates, in accordance with the Primary Care Practice Acquisition Approval Process, and to negotiate, execute, deliver and perform definitive agreements regarding such transaction, with such additional terms and changes as the Senior Executive, the Executive Director, the Senior Medical Director, and the Director of Physician Recruitment and Network Development and each of them considers appropriate and in the best interest of CCA; and

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

Action.........9. A Resolution on the Disposition of 2205 Grayson Place, Falls Church, Virginia, was approved as follows:

In 1994, the University received a partial interest in a residential property at 2205 Grayson Place, Falls Church, 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 $166,000. Proceeds from the sale will be used for the benefit of the School of Engineering and Applied Sciences.

RESOLVED, that the Executive Vice President and any other officer of the University to whom such authority has been delegated by the President be and they hereby are authorized to proceed with the sale and conveyance of the Property for a total purchase price of $166,000 and to proceed with the execution and delivery of a 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...........10. A Resolution on Incurring of Indebtedness by Presbyterian Medical Center of the University of Pennsylvania Health System, was approved as follows:

The Trustees by resolutions adopted December 10, 1993, April 22, 1994, June 16, 1995 and January 19, 1996 (the "Resolutions") authorized borrowings to pay the costs of a project for those operating units of the University known as Hospital of the University of Pennsylvania ("HUP") and Clinical Practices of the University of Pennsylvania (both of which are collectively referred to as "Health Services") consisting, inter alia, of construction and renovation of various facilities, refinancing of various tax-exempt bonds issued by the Pennsylvania Higher Educational Facilities Authority for HUP, the acquisition of Presbyterian Medical Center of Philadelphia through a statutory merger into Presbyterian Medical Center of the University of Pennsylvania Health System ("PMC"), renovation and improvement of PMC facilities and the purchase of certain facilities adjacent to the PMC campus.

In connection with a borrowing in May of 1994 and the additional borrowings authorized for Health Services by the Resolutions, the University executed and delivered a Master Trust Indenture dated as of May 1, 1994 (the "Master Indenture") to First Fidelity Bank, National Association (now known as First Union Bank), as Master Trustee to limit the University's liability for such borrowings to the assets and revenues of Health Services.

On June 30, 1995, PMC became an obligated party, together with the University, under the Master Indenture and is jointly and severely liable for any debt incurred thereunder.

While the authorized borrowing is primarily for HUP, a portion of the proceeds thereof will be applied to retire indebtedness incurred in connection with the acquisition of Presbyterian Medical Center of Philadelphia, to acquire certain buildings on the PMC campus and to pay for renovations and improvements to PMC.
Section 7.03 of the PMC Corporate By-laws provides that PMC shall not incur indebtedness without the approval and recommendation of the Health System Executive Committee and authorization by the University Executive Committee acting as a sole member of PMC. The Health System Executive Committee has approved and recommended to the Executive Committee that it authorize PMC's incurrence of debt as described herein as a result of PMC being an obligated party under the Master Indenture and having liability for any indebtedness incurred thereunder.

RESOLVED, that the Executive Committee of the Trustees hereby authorize PMC's incurrence of indebtedness under the Master Indenture to the extent of the borrowings authorized by the Resolutions. The terms of such indebtedness to be approved by the Bond Ad Hoc Committee previously appointed by the Trustees for such purpose; and

FURTHER RESOLVED, that any authorized officer of PMC is hereby authorized to execute and deliver any documents and to take such further action as shall be necessary to effectuate the PMC borrowing authorized hereby after approval thereof of the terms and details by the Bond Ad Hoc Committee.

Action........11.  A Resolution on the Disposition of 1514 North Longfellow Street, Arlington, Virginia, was approved as follows:

In 1994, the University received a partial interest in a residential property at 1514 North Longfellow 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 $154,500. Proceeds from the sale will be used for the benefit of the School of Engineering and Applied Sciences.

RESOLVED, that the Executive Vice President and any other officer of the University to whom such authority has been delegated by the President be and they hereby are authorized to proceed with the sale and conveyance of the Property for a total purchase price of $154,500 and to proceed with the execution and delivery of a 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.

B. Investment Report

Mr. Neff directed the meeting’s attention to the Investment Report included in the meeting book. As that report noted, the market value of the Associated Investments Fund at February 22, 1996 was over $1.4 billion. The equity portion of the Fund has been reduced from 55% at June 30, 1995, to 53% at February 22 (the combined 42% of the AIF in domestic equity securities and 11% in international). The 11% international equities are now handled by outside advisors, as is a
small portion of the domestic equity portfolio. The Investment Board will be interviewing additional advisors at its meeting later this month who will be engaged as the transition from a Neff-managed portfolio is completed.

High yield securities represent 12% of the portfolio, about half of which is the equivalent of equities in terms of risk profile. The “Other” category has increased from 2% of the portfolio in 1979 to a current 7%, with the help of Mr. Tanenbaum in the commercial real estate area. The Board would like to increase this category toward 9-10%. Exclusive of the half of the high yield securities portion that might actually be considered equities, the remaining high yield securities and “Other” portion are on the high risk side, but the Board considers these to have an intelligent risk:reward ratio.

The AIF Common Stock performance since June 30, 1995 is on the poor side, Mr. Neff reported, up 15.7% versus 22.8% for the S&P 500 Stock Average in this “adrenaline-laden” marketplace. Mr. Neff noted the market had not had any “sawtooth” in the past five years, with few fluctuations recently. He noted, however, that as long as $15-20 billion a month enter into equity mutual funds, a sawtooth is unlikely. At some point investors will be fickle and this direction might reverse; for now, investors can derive instant gratification from mutual funds and withdraw their funds whenever they wish. This all lends an incendiary aspect to the marketplace, and the Investment Board continues to be conscious of the risks and handle Penn’s investments accordingly.

V. Overseer and Other Boards

Action........ A. A Resolution on the Appointment of Fern Hurst to the Board of Overseers of the Graduate School of Fine Arts was approved as follows:

RESOLVED, that Fern Hurst be appointed to the Board of Overseers of the Graduate School of Fine Arts for a three-year term, effective March 5, 1996.

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

Respectfully submitted,

Barbara R. Stevens
Vice President and Secretary
of the University