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

December 10, 1993

A meeting of the Executive Committee was convened at 2:00 p.m. on Friday, December 10, 1993, in the Club Room of the Faculty Club. Trustees attending were Christopher Browne, Susan Catherwood, Gloria T. Chisum, Claire M. Fagin (ex officio), Stephen J. Heyman, Natalie I. Koether, John B. Neff, John N. Reardon, James S. Riepe, Sara S. Senior, Alvin V. Shoemaker (chairman) and Myles H. Tanenbaum. Others attending included Barbara Beck, Al Beers, Virginia B. Clark, Nicholas Constan, Carol Farnsworth, Mary Furash, Karen C. Gaines, Constance C. Goodman, John W. Gould, Shelley Z. Green, R. William Holland, Samuel Hughes, Linda S. Hyatt, John C.S. Kepner, Trudy J. Kuehner, Marvin S. Lazerson, Alice Nelson, Wilbur B. Pittinger, Gerald Porter, Sherrill Rosoff, Jodi Sarkisian, Stephen P. Steinberg, Barbara R. Stevens and Duncan W. Van Dusen.

I. Call to Order

Chairman Shoemaker called the meeting to order. The minutes of the September 17, 1993, meeting were approved as written by the secretary.

II. Chairman's Report

Mr. Shoemaker reported that the Executive Committee had met in executive session on Sunday, December 5th, and agreed to nominate Dr. Judith Seitz Rodin to the full Board of Trustees as Penn’s next president. The trustees will vote on this nomination on Thursday, December 16th. He added that the trustees were thrilled that Dr. Rodin had accepted the nomination and took the opportunity to again thank the Consultative Committee, which worked with such diligence and care, as well as the Executive Committee, which devoted the last weekend to the nomination.

Mr. Shoemaker emphasized that, as he has said on other occasions, when Dr. Fagin agreed to serve as interim president for this year she had made clear that she would be no “interim” appointment who intended simply to tread water or hold firm ground: she insisted that this was the opportunity to identify problems, discuss them and solve them. It was only on that basis that she agreed to serve, and she has been a woman of her word. A lot of what she has been doing has taken enormous commitment and energy, and some of it enormous courage. Just as she informed us in her inimitable way that she would not be the “classic interim appointment,” she has now informed us that she will certainly not be the “classic lame duck.” She has lots left on her agenda to complete and an equal commitment to get it done. She has our total support. She also has our admiration for her extraordinary capacities and accomplishments. Mr. Shoemaker thanked Dr.
Fagin for the first six months, saying “We know we are only half way there. The question is if the rest of us have the energy to keep up with you over the next six months.” Whereupon he presented Dr. Fagin with a toy duck, and Dr. Fagin was given a standing ovation.
III. President's Report - Dr. Fagin

A. Comments

Dr. Fagin thanked the Chairman for his warm comments and in turn thanked those who she said had made everything possible, her staff and the provost.

Nomination of Judith Rodin as Penn’s seventh President. Dr. Fagin expressed her great pleasure in Dr. Rodin’s nomination, adding that she was thrilled that a Penn alumna and Philadelphia native will be Penn’s next president. She also noted that Mr. Lloyd, the University’s archivist, informed her that Dr. Rodin would be the first graduate of the Philadelphia public school system to head the University: the Philadelphian presidents of the past had gone through private schools. Finally, she noted that the early announcement by the Executive Committee will help her and the provost to move forward aggressively in consultation with Dr. Rodin on the important tasks that remain before us during this interim year. We have a great deal to accomplish this spring. What is done this winter and spring, particularly on the code of conduct, judicial procedures and academic integrity, will have real consequences and certainly shape part of her administration. She and the provost also hope to move the process of the Commission on Strengthening the Community forward, and also to move forward on Locust Walk and the Revlon Center. “We are moving forward, and we will need and welcome everyone’s participation.”

Racial Harassment Policy Decision. Dr. Fagin reported that, as the trustees knew, since the last meeting she had announced her decision regarding the future of the University’s Racial Harassment Policy. During the course of discussions it had become clear that much more than just the Racial Harassment Policy must be changed if the University is to develop a workable system of policies and procedures regarding student conduct. Starting in January, students will have a major role in determining exactly what form that system will take. The Provost has already begun working with student leaders to organize the intensive effort needed to produce new guidelines on conduct and judicial procedure.

Firing Line Broadcast. Dr. Fagin the reported on the December 5th campus taping of William F. Buckley’s Firing Line TV program, to be aired in some cities on December 13th and in others, including Philadelphia, on December 19th. The participants -- from all political perspectives -- expressed an almost embarrassing degree of agreement about the boundaries of freedom of thought and expression on campus. Most impressive was the level of the discourse, which was civilized, humane, representative of people listening to each other as well as talking to each other—in short, worthy of emulation by the entire campus. Tapes will be available for those who miss the program.

Town Meeting II. The president and provost held their second electronic town meeting occurred on November 17th. A large group of students participated and generated a spirited discussion of diversity issues. I hope to continue with the Town Meeting format in the Spring term. The January meeting will move away from diversity, with a panel discussion on the intellectual life at the University.

Domestic Partners Benefits. Dr. Fagin thanked the entire community for the many helpful comments received on the issue of extending employee benefits to same-sex domestic partners.
The comments received were virtually unanimous in support for this idea, and a formal recommendation has been made to the Trustees.

B. Academic Report - Interim Provost Lazerson

1. Comments

VPUL and Student Services. As many of you are aware, Dr. Kim Morrisson, the Vice Provost for University Life, will be moving over to the Provost’s Office on January 1 to assume responsibility for a variety of planning and policy functions. She will focus in particular on the connections between academic and student life and will be working with students and faculty to help us devise stronger linkages between the two. In particular, she will help the University develop plans for its living and learning residential houses.

Dr. Valarie Swain-Cade McCoullum, Associate Vice President for Minority Permanence, has agreed to serve as Acting Vice Provost for University Life. Formerly Acting President at Cheyney University, Dr. McCoullum will continue to carry out her responsibilities in the area of minority permanence.

Student Judicial Process. The provost reported that he had met the prior week with a number of student leaders to discuss the formation of a largely student committee that would undertake the development of a student judicial process and a new Code of Conduct as well as continue to work on issues related to Academic Integrity. The new committee should be co-chaired by a faculty member and a student and should be in place by the end of January, to coincide with the first draft report by the Commission for Strengthening the Community.

2. Action. A Resolution on Appointments and Promotions was approved as shown on pages 1-20 of the meeting book.

C. Financial Report - Mr. Beers

Mr. Beers presented a report on the finances of the University, the Hospital and the Clinical Practices for the first four months of fiscal 1994. As of October 31, the University is projecting an unrestricted University loss of $2 million due to a General University loan to the School of Veterinary Medicine for which resources are currently being identified. This is after the budgeted, discretionary allocations to the Research Fund of $1.3 million and after the budgeted, mandated Graduate Hospital deficit amortization of $97,000.

On the unrestricted side, positive factors are graduate tuition, summer and special tuition, special program and fee revenue, indirect cost recovery, investment income and savings in salary, direct centers’ current expense and utility expense. Negative factors continue to be sales revenue, graduate student aid expense, General University tuition, the unfunded University loan to the School of Veterinary Medicine and several other expense categories.

As to unrestricted performance at the schools and centers, the Graduate School of Fine Arts with a deficit of $525,000 and the Annenberg Center with a deficit of $200,000. The Graduate
School of Education is projected with a surplus of $400,000. All other schools and centers are projected at break-even performance.

On the restricted side, endowment, gift and grant and contract fund expenditures increased by 15.1%, 3.2% and 5.7%, respectively. The amount available at October 31, 1993, for grant and contract expenditures is 7.7% more than at October 31, 1992.

HUP's excess of revenue over expenses was $22.8 million better than budget and CPUP's was $180,000 better than budget for this period.

IV. Trustee Committee Reports

A. Budget and Finance - Mrs. Catherwood

Mrs. Catherwood reported that the Budget and Finance Committee met in executive session prior to its stated meeting that morning to consider certain employment and real estate matters in connection with the proposed acquisition of Phoenixville Medical Associates. At the Committee’s stated meeting, it reviewed Mr. Beers’ financial report and also a report on bank accounts and signatory authority, as well as the following items which were being presented for approval:

1. Action. A Resolution on the Operating Budget of Clinical Care Associates for Fiscal Year 1994 was approved as follows:

   The Trustee Budget and Finance Committee has reviewed the operating budget proposed for Clinical Care Associates ("CCA") of the University of Pennsylvania Health System for Fiscal Year 1994 and recommends its approval. This budget was previously approved by the Executive Committee of the University of Pennsylvania Health System Trustees.

   RESOLVED, that the operating budget for the Clinical Care Associates of the University of Pennsylvania Health System for Fiscal Year 1994 recommended by the Trustee Budget and Finance Committee be and the same hereby is approved.

2. Action. A Resolution on the Capital Budget of Clinical Care Associates for Fiscal Year 1994 was approved as follows:

   The Trustee Budget and Finance Committee has reviewed the capital budget proposed for Clinical Care Associates ("CCA") of the University of Pennsylvania Health System for Fiscal Year 1994 and recommends its approval. This budget was previously approved by the Executive Committee of the University of Pennsylvania Health System Trustees.

   RESOLVED, that the capital budget for the Clinical Care Associates of the University of Pennsylvania Health System for Fiscal Year 1994 recommended by the Trustee Budget and Finance Committee be and the same hereby is approved.
3. **Action.** A Resolution on the Primary Care Practice Acquisition Approval Process was approved as follows:

Clinical Care Associates of the University of Pennsylvania Health System ("CCA") is a Pennsylvania nonprofit corporation, the sole member of which is The Trustees of the University of Pennsylvania. CCA was formed for purposes that include the development of a network of primary care and specialty physicians, nurses and other health care professionals to serve the community as part of an integrated delivery system of health care. CCA expects to develop such a network through, among other things, the acquisition of physician practices in the community and the employment of physicians in those practices.

The Board of CCA desires to establish a uniform policy for the approval of such physician practice acquisitions by CCA that would permit management of CCA to have the ability to respond effectively and timely to opportunities to enter into physician practice acquisition transactions, while maintaining appropriate oversight through the normal budgeting and approval processes. The proposed policy for the approval of physician practice acquisitions by CCA is described in the "Primary Care Practice Acquisition Approval Process." This policy has been approved by the Executive Committee of the University of Pennsylvania Health System Trustee Board.

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

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

The management of Clinical Care Associates of the University of Pennsylvania ("CCA") has been negotiating for the acquisition of Phoenixville Medical Associates, Ltd. ("PMA"), a physician practice with 25 full-time employed physicians operating in multiple offices in Montgomery and Chester Counties. CCA also proposes to acquire certain interests in the real estate occupied by PMA from certain affiliates of PMA that own such interests.

The Board of CCA believes that the acquisition of PMA and the related real estate would further the mission of CCA and its charitable purposes by facilitating the development of an integrated delivery system for health care. CCA has engaged Ernst & Young, independent certified public accountants, to confirm that the purchase price to be paid to PMA for its medical practice is consistent with fair market value and that the employment compensation to be paid to the PMA physicians following consummation of the transaction is reasonable. Additionally, CCA has engaged H. Bruce Thompson & Associates, Inc., a real estate appraisal firm, to appraise the value of the real estate to be purchased from the PMA affiliates and such appraisals confirm the purchase prices for the real estate interests are consistent with fair market value. The acquisition has been approved by the Executive Committee of the University of Pennsylvania Health System Trustee Board.
RESOLVED, that the acquisition of substantially all of the assets of PMA and the interests in real estate from certain affiliates of PMA on such terms and conditions as the Board of CCA has approved, with such additional terms and changes as may be approved by the Senior Executive and the Network Executive of CCA, be and the same hereby is approved; and

FURTHER RESOLVED, that CCA is authorized to negotiate, execute, deliver and perform and Acquisition Agreement with PMA and its shareholders, Employment Agreements with the physicians employed by PMA, and such other definitive agreements regarding the transactions described above reflecting the general terms and conditions approved by the CCA Board, with such additional terms and changes as the Senior Executive and the Network Executive and each of them considers appropriate and in the best interest of CCA; and

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

5. **Action.** A Resolution on the Purchase of a 750 Mhz Magnet System for the Department of Chemistry, School of Arts and Sciences, was approved as follows:

The School of Arts and Sciences proposes to purchase a 750 MHz magnet system for the Department of Chemistry to support its research program in structural biology. This equipment will be installed in the basement of the Chemistry 1973 Building. The equipment is estimated to cost $3,085,000 and will be funded by the School of Arts and Sciences.

RESOLVED, that the purchase of a 750 MHz magnet system for the Department of Chemistry, estimated to cost $3,085,000, 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 purchase, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such purchase as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

6. **Action.** A Resolution on the Purchase of Radiochemistry Laboratory Equipment and Data Processing Capability for the Department of Radiology, School of Medicine, was approved as follows:

The School of Medicine proposes to purchase radiochemistry laboratory equipment and data processing capability for the Department of Radiology to strengthen the
University's biomedical imaging program. The equipment is estimated to cost $681,700 and will be funded by the School of Medicine.

RESOLVED, that the purchase of radiochemistry laboratory equipment and data processing capability for the Department of Radiology, estimated to cost $681,700, 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 purchase, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such purchase as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

7. Action. A Resolution on Renovations to the Third Floor of 3600 Market Street for the Department of Radiology, School of Medicine, was approved as follows:

The School of Medicine proposes to renovate approximately 6,450 gross square feet of space on the third floor of 3600 Market Street to provide research laboratories and administrative offices for the Department of Radiology. This project is estimated to cost $785,751 and will be funded by the School of Medicine.

RESOLVED, that the renovations to the third floor of 3600 Market Street for the Department of Radiology, estimated to cost $785,751, 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.

8. Action. A Resolution on Approval of Master Trust Indenture was approved as follows:

The University of Pennsylvania Health System ("UPHS"), which includes the School of Medicine, the Clinical Practices of the University of Pennsylvania ("CPUP"), the Hospital of the University of Pennsylvania ("HUP"), Clinical Care Associates of the University of Pennsylvania ("CCA"), and other components which may be added, is expecting to undertake various projects to expand and improve its facilities, which in many cases, would require the incurrence of indebtedness. To facilitate the borrowing process, the Administration recommends that the University execute, implement and deliver a master trust indenture (the "Indenture") to permit borrowings by the University for UPHS projects. The Indenture would provide that the security pledged thereunder would be limited to revenues or assets of HUP and CPUP, so that none of the other assets, revenues or the general credit of the University would be applied to such debt (unless the University agreed to do so). The Indenture, in effect, would bifurcate the credit of the University and would result in two types of borrowings -- one, secured as aforementioned under the Indenture by the credit of HUP and CPUP for UPHS, and the other pursuant to traditional documents based upon the general
credit of the University or its other assets or revenues. Any borrowings by the University under the Indenture would have to be approved by a resolution of the Trustees as in the case of all other University borrowings.

In connection with the implementation of the Indenture, the Administration will be required to approve the form and terms thereof, to choose a corporate trustee to act thereunder and to execute and deliver the Indenture.

RESOLVED, that the Trustees of the University of Pennsylvania approve the implementation of an Indenture for the purposes above-stated and authorize the Executive Vice President, Treasurer or other University Officers to approve the form and terms of said Indenture, to execute and deliver the Indenture, to appoint a corporate trustee to act thereunder, and to take all other action required in connection therewith.

9. Action. A Resolution on Issuance of Indebtedness and Appointment of Bond Ad Hoc Committee was approved as follows:

The Pennsylvania Higher Education Facilities Authority, the Hospitals and Higher Education Facilities Authority of Philadelphia and Berks County Municipal Authority have previously issued bonds on behalf of the University to finance or refinance the costs of University projects for medical and higher education purposes.

The Administration has identified certain capital needs for the University and the University of Pennsylvania Health System that may require debt financing and, further, because of a decline in interest rates, it is possible that some or all of the bonds previously issued for the University by the aforementioned agencies may be refunded to reduce University debt service costs.

The amount of debt required for the above purpose is being quantified and the Administration will seek Trustee approval for specific borrowing needs.

Because of the volatility of the marketplace and the need to act on short notice with respect to financings approved by the Board, the Administration recommends that the Trustees vest in the Bond Ad Hoc Committee (the "Bond Ad Hoc Committee") to be composed of Carol B. Einiger, Robert A. Fox, Paul F. Miller, Jr., John B. Neff, Saul P. Steinberg, and Richard B. Worley, the power to act for the Trustees in determining the principal amount of debt to be incurred (but not in excess of the amount approved by the Trustees), dates of maturity, rates of interest, redemption features and other terms and conditions of the borrowing, and to take all other action required in connection therewith.

RESOLVED, that the Trustees, as provided in Section 4.1 of the Statutes, hereby create the Bond Ad Hoc Committee of the Trustees and concur with the appointment by the Chairman of the Trustees of the following members: Carol B. Einiger, Robert A. Fox, Paul F. Miller, Jr., John B. Neff, Saul P. Steinberg, and Richard B. Worley.
FURTHER RESOLVED, that the Bond Ad Hoc Committee shall have the power to act on behalf of the Trustees in connection with the incurrence of indebtedness previously approved by the Trustees to refund existing obligations or to fund projects, and to take all other action required in connection therewith, including determining the principal amount of debt to be incurred (but not in excess of the amount approved by the Trustees), dates of maturity, rates of interest, redemption features and other terms and conditions of the borrowing as shall be necessary to implement the intent of this resolution and shall not be inconsistent with any Trustee authorization.

FURTHER RESOLVED, that the Executive Vice President, the Vice President for Finance or Treasurer be, and any one of them is hereby authorized, at the direction of the Bond Ad Hoc Committee, to make application on behalf of the University to an appropriate governmental issuer with respect to the issuance of tax-exempt bonds and to pay such fees and expenses as may be required in connection therewith.

FURTHER RESOLVED, that the Executive Vice President, the Vice President for Finance or Treasurer be, and any one of them is hereby authorized, at the direction of the Bond Ad Hoc Committee, to negotiate and enter into an agreement with the appropriate issuer and/or investment bankers, with respect to the terms and conditions of the underwriting and sale of such indebtedness; and in connection therewith to approve the form and terms of and execute any indenture, mortgage, lease, payment agreements, security agreements, underwriting agreements, official statements, and such other documents or instruments as may in their judgment be necessary or desirable to accomplish the terms of this resolution.

10. **Action:** A Resolution on Master Retirement Trust Agreement for the Retirement Allowance Plans was approved as follows:

The University and the Hospital have defined benefit pension plans for their support staff known as the Retirement Allowance Plans (the "Plans"). In January, 1985, the Plans were funded through a Trust Agreement with CoreStates Bank (then First Pennsylvania Bank) as Trustee. The Vice President for Finance assumed investment management responsibility and was designated as Investment Fiduciary for the Plans. The University now wishes to enter into a Master Retirement Trust Agreement for the Plans with Bankers Trust as trustee, and to transfer the trust funds for the Plans from CoreStates Bank to Bankers Trust.

RESOLVED, that Bankers Trust be named as Trustee of the Plans and the execution by the appropriate officer of a Master Retirement Trust Agreement with Bankers Trust as Trustee and the transfer of the trust funds for the Plans from CoreStates Bank to Bankers Trust be and the same hereby are approved.

FURTHER RESOLVED, that the Vice President for Finance (or the Treasurer in the absence of the Vice President for Finance) is designated as Investment Fiduciary of the Plans, is responsible for directing the Trustee's investments (in connection with which he or she may seek the advice of the Office of Investments), and is authorized to take
such action, including amending the Plans, as may in his or her judgment be necessary or desirable to accomplish the terms of this resolution.

FURTHER RESOLVED, that the Investment Fiduciary, the Treasurer and Associate Treasurers be authorized to give investment directions to the Trustee and to execute letters to the Trustee confirming such investment directions.

11. Action. A Resolution on Tax-Exempt Financing for the University of Pennsylvania Health System was approved as follows:

The Trustees adopted a resolution today approving the implementation of a master trust indenture (the "Master Trust Indenture") for use by the University in connection with borrowing for University of Pennsylvania Health System ("UPHS"). The resolution provides that indebtedness incurred pursuant to the Master Trust Indenture is to be secured by assets and revenues of the Hospital of the University of Pennsylvania ("HUP") and the Clinical Practices of the University of Pennsylvania ("CPUP"). To implement the Master Trust Indenture, UPHS desires to cause the refunding of the remaining outstanding principal amount of The Hospital Authority of Philadelphia Hospital Revenue Bonds, Series of 1978 (the Hospital of the University of Pennsylvania) (the "1978 Bonds") and the remaining outstanding principal amount of the Pennsylvania Higher Educational Facilities Authority The Trustees of the University of Pennsylvania Revenue Bonds, Series A of 1987 (the "1987 Bonds") respectively issued to fund projects for HUP. UPHS also desires to incur $290,000,000 of debt to fund the costs of a capital project (the "Capital Project") consisting of (a) the facilities upgrade which was the subject of a Trustees' resolution adopted March 20, 1992, (b) the installation of information systems and (c) renovations and improvements to various facilities.

On December 6, 1993, the Executive Committee of the Trustee Board of UPHS adopted a resolution approving the aforesaid borrowing by UPHS and requesting that the Trustees of the University also approve the financing program.

The University Administration recommends that the Trustees approve the financing program for UPHS, and authorize the incurring of sufficient debt by the University for UPHS to refund the 1978 Bonds and 1987 Bonds and the costs of the Capital Project.

The Trustees also appointed a Bond Ad Hoc Committee (the "Committee") to approve the terms and details of any borrowing approved therewith.

RESOLVED, that the Trustees of the University hereby approve the borrowing of the amount required to refund the 1978 Bonds and the 1987 Bonds and the incurring of an additional $290,000,000 of debt to pay the costs of the Capital Project.

FURTHER RESOLVED, that the Executive Vice President or Treasurer are hereby authorized to make application on behalf of the University to the Pennsylvania Higher Educational Facilities Authority or other governmental issuer as shall be chosen by
either one 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 or Treasurer are hereby authorized to determine the method of sale of indebtedness for the University (competitive or negotiated), select an investment banker or bankers, if a negotiated sale is to be used, to underwrite the issuance and sale of bonds for the University and to take all action in connection therewith subject however, to the approval of the exact amount of indebtedness, the rates of interest, terms thereof and security for the indebtedness by the Committee.

FURTHER RESOLVED, that any indebtedness incurred by the University by UPHS shall be secured and payable under the terms of a Master Trust Indenture which will provide, inter alia, that such indebtedness shall be payable from and secured solely by revenues and assets of HUP and CPUP.

FURTHER RESOLVED, that this resolution shall constitute an official expression of the University's intention to borrow, under current Internal Revenue Service income tax regulations, the proceeds of up to $290,000,000 of tax-exempt bonds to reimburse itself for amounts expended by UPHS in implementing the Capital Project prior to the issuance of indebtedness for such purpose.

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

12. Action. A Resolution on Acquisition of Various Academic Properties from the Commonwealth of Pennsylvania and the Financing Thereof was approved as follows:

The General State Authority (the "Authority") of the Commonwealth of Pennsylvania (the "Commonwealth") acquired title to parcels of land from the University and others and constructed fifteen academic facilities (the "Project Facilities") for the University which it financed through the issuance of bonds. Each of the Project Facilities was leased to the Department of Education of the Commonwealth and subleased to the University for use. Most of the subleases require the University to make rental payments sufficient to liquidate the debt service on the Authority's bonds. Certain of the facilities were subleased to the University by the Department of Education for one dollar ($1.00) and the debt service on the Authority's bonds paid by the Department of Education under its lease with the Authority. None of the subleases provide for the transfer of title to the Project Facilities to the University.

The Authority pursuant to a Commonwealth reorganization act conveyed the Project Facilities to the Commonwealth's Department of General Services which recently made a proposal to sell all of the Project Facilities to the University at a price based upon the discounted present value of future payments under the subleases (or the leases in the
case of facilities where the debt service is paid by the Department of Education). The Commonwealth is authorized to sell the properties at a discounted value pursuant to legislation enacted by the legislature early in 1993 and the transfers would be free of all state and local transfer taxes. Since the University has no contractual right to obtain title to the Project Facilities after the expiration date of the subleases, including ones involving nominal consideration, the University can gain control of the facilities by purchasing them from the Commonwealth. The legislation authorizing the sales and exemption from transfer taxes expires at the close of business on December 31, 1993. To take advantage of the favorable purchase opportunity and related benefits, the University must consummate the purchases before year end.

The Administration of the University recommends that the Trustees approve the University's acquisition of the Project Facilities for a price not to exceed $12,000,000 pursuant to such agreement as the University is able to negotiate with the Department of General Services acting on behalf of the Commonwealth. The Administration also recommends that the University finance the acquisition through the use of approximately $12,000,000 of taxable or tax-exempt financing. Pending the ability to obtain such financing, the Administration recommends that University general funds be used with the understanding that the University would reimburse itself from the proceeds of a borrowing for the amount of the purchase.

RESOLVED, that the Trustees of the University of Pennsylvania hereby authorize the Executive Vice President or Treasurer of the University to negotiate with the Commonwealth to acquire the Project Facilities at a purchase price not to exceed $12,000,000.

FURTHER RESOLVED, that the Executive Vice President or Treasurer be and they are hereby authorized, subject to the later approval of the terms and conditions of such borrowing by the Trustees of the University or any committee thereof, to borrow up to $12,000,000 to finance the acquisition of the Project Facilities and that the University expend its own funds pending reimbursement from proceeds of later borrowings.

FURTHER RESOLVED, that this resolution shall constitute an official expression of the University's intention to borrow moneys, under current Internal Revenue Service income tax regulations, which may be in the form of tax-exempt borrowings to reimburse itself for the amount to be expended by the University in acquiring the Project Facilities from the Commonwealth.

FURTHER RESOLVED, that the Executive Vice President or Treasurer be and they are hereby authorized and empowered to take such action and execute such documents as shall be necessary to effectuate the acquisition of the Project Facilities from the Commonwealth and the borrowing in connection therewith, subject to later approval of the terms and conditions of any borrowing by the Trustees or other authorized committee.

13. Action. A Resolution on Acquisition of St. Leonard’s Building at 39th & Chestnut Streets was approved as follows:
The University administration proposes that the University acquire from CoreStates Bank, N.A. ("CoreStates") the land and improvements located at 3819-31 Chestnut Street, Philadelphia, Pennsylvania, together with all contents, licenses, leases, and other property rights pertaining thereto (all of which are collectively referred to as the "Property") for a total purchase price of Two Million Six Hundred Thousand Dollars ($2,600,000.00) and upon such terms and conditions as may seem necessary or appropriate to the Executive Vice President or any other officer of the University in her, his, or their judgment, including, without limitation, purchasing the Property by providing to CoreStates an unsecured promissory note in the amount of Two Million Six Hundred Thousand Dollars ($2,600,000.00), at an interest rate not to exceed six and one-half percent (6.5%) per annum, with payments of interest only with a balloon payment at the end of a five (5) year term. CoreStates has possession and control of the Property by being the successful bidder at the Philadelphia County Sheriff’s sale held on July 12, 1993, on the writ of execution issued in the case of Philadelphia National Bank, incorporated as CoreStates Bank, N.A. v. Philadelphia Authority for Industrial Development, Civil Division, April Term, 1993, No. 1556, and CoreStates intends to transfer the Property to the University by assigning its bid to the University and by directing the Sheriff of Philadelphia County to convey the Property to the University as assignee of CoreStates' bid, pursuant to a Sheriff's Deed.

RESOLVED, that the acquisition of the Property for a total purchase price of Two Million Six Hundred Thousand Dollars ($2,600,000.00), 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, but not required, to proceed with such acquisition and execute such contracts and incur such expenses and obligations as may, in their judgment, be necessary or desirable to accomplish such acquisition.

FURTHER RESOLVED, that the Executive Vice President, or any other officer of the University, acting either alone or with the joinder of any other officer or officers of the University, is authorized to execute and deliver on behalf of the University, in connection with the acquisition of the Property, all agreements, notes, mortgages, assumption agreements, pledge agreements, collateral assignments, leases, indemnifications, guarantees, releases, affidavits or any other documents, or amendments to the foregoing documents, on terms and conditions acceptable to said officer or officers in the discretion of said officer or officers and to take all such other actions as may be necessary or appropriate in his, her, or their judgment to consummate such acquisition and to insure title to the Property, and the execution by such officer or officers of these documents shall be conclusive proof of the approval of the terms thereof by and on behalf of the University.

14. Action. A Resolution on Acquisition of Premises Known as Unit 201, 3600 Science Center Condominium, Located at 3600 Market Street, Philadelphia, Pennsylvania, was approved as follows:

The University administration proposes that the University acquire from 3600 University Science Center Associates ("Science Center Associates") that certain
condominium unit and appurtenant undivided interest in the common elements of the condominium known as Unit 201, 3600 Science Center Condominium, located at 3600 Market Street, Philadelphia, Pennsylvania, together with all contents, licenses, leases, and other property rights pertaining thereto (all of which are collectively referred to as the "Property") for a total purchase price of Four Hundred Thirteen Thousand One Hundred and Twenty Five Dollars ($413,125.00) and upon such terms and conditions as may seem necessary or appropriate to the Executive Vice President or any other officer of the University in her, his, or their judgment.

RESOLVED, that the acquisition of the Property for an approximate purchase price of Four Hundred Thirteen Thousand One Hundred and Twenty Five Dollars ($413,125.00), 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, but not required, to proceed with such acquisition and execute such contracts and incur such expenses and obligations as may, in their judgment, be necessary or desirable to accomplish such acquisition.

FURTHER RESOLVED, that the Executive Vice President, or any other officer of the University, acting either alone or with the joinder of any other officer or officers of the University, is authorized to execute and deliver on behalf of the University, in connection with the acquisition of the Property, all agreements, notes, mortgages, assumption agreements, pledge agreements, collateral assignments, leases, indemnifications, guarantees, releases, affidavits or any other documents, or amendments to the foregoing documents, on terms and conditions acceptable to said officer or officers in the discretion of said officer or officers and to take all such other actions as may be necessary or appropriate in his, her, or their judgment to consummate such acquisition and to insure title to the Property, and the execution by such officer or officers of these documents shall be conclusive proof of the approval of the terms thereof by and on behalf of the University.

15. Action. A Resolution on the Extension of Benefits to Same-Sex Domestic Partners was approved as follows:

In March 1993, the Faculty Senate leaders, the Provost and the President charged a Task Force on Benefits for Domestic Partners consisting of trustees, faculty and staff "to consider the proposition that the University should provide to domestic partners of Penn employees the same benefits provided to spouses of employees." On October 19, 1993 the Task Force published "For Comment" in Almanac its preliminary report in which it recommended that the University accord benefits and privileges to the same-sex domestic partners of employees and their children that are comparable to the benefits accorded to spouses and their children. The President, after reviewing the comments and consulting with the Faculty Senate leaders, the Provost, and the University Council, accepts the recommendation of the Task Force, and hereby requests that the trustees authorize the Vice President for Human Resources and other appropriate University officers to make such changes in the University's benefits plans and policies as are necessary to implement the recommendation of the Task Force.
RESOLVED, that the Vice President for Human Resources and other appropriate University officers are hereby authorized to adopt such amendments to University benefits plans and such changes in University policies as are necessary to extend to the same-sex domestic partners of employees and their children, benefits which are comparable to those accorded to spouses and their children; and

FURTHER RESOLVED, that the Vice President for Human Resources or other appropriate University officers are hereby authorized to adopt administrative mechanisms for implementing the aforementioned changes in University benefit plans and policies and to take such other action as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

B. Investment Report - Mr. Neff

Mr. Neff reported that the total market value of the University's Associated Investments Fund (AIF) at November 30, 1993, was $1.066 billion. Referring to the Investment Report that had been distributed, he noted that future reports will include a separate column for total endowment which will reflect the Separately Invested Funds, currently worth approximately $80 million but soon to top $200 million with the Annenbergs' generous gift.

Mr. Neff reported that the percentages of the AIF in cash and cash equivalents, fixed income securities, common stocks and other investments (real estate, venture capital, etc.) had not changed significantly since June 30, 1993 with the exception of high yield securities, up from 4% of the portfolio to 10%. This reflects the consensus at the last Investment Board Executive Committee meeting that neither the bond nor stock markets are not attractive at this time. This consensus is also manifested in the reduction from of the equity investment from 48% to 47%. The Board believes that the University’s equity investments are quite undervalued, along with the rest of the market, but that there is a point at which one does not wish to have all one’s investments in banks, insurance, thrifts and basic commodity cyclicals. The high-yield security market (so-called “junk bond”) gives a return about 400-450 basis points higher that comparable returns of other bonds, a very sharp differential. Additionally, with the reliquification of corporate America, the quality of available junk bonds should be higher than in the past.

The University has been moving more aggressively into regional bank stocks in the past few months, which weigh in at 8x 1994 earnings and have 4.1%-4.2% yields.

Since June 30, 1993, the total return of the AIF common stocks is 7.3%, compared to 3.7% for the S&P 500; since December 31, 1992, the return is 19.8%, compared to 8.7% for the S&P 500. The market continues to be skittish, and it appears that interest rates have bottomed out. The University has a good storehouse of liquidity and stands ready to take advantage of any opportunities that present themselves.

C. Health System - Mrs. Catherwood

Bioethics Program. Mrs. Catherwood reported with great pleasure that Dr. Arthur Caplan, one of the leading bioethicists in the nation and world, will be joining the Department of Molecular and Cellular Engineering to lead a multidisciplinary Medical Center and University-
wide program in Bioethics. Dr. Caplan will be joining Penn from the University of Minnesota, where he directed the Center for Biomedical Ethics since 1987. Mrs. Catherwood particularly wished to acknowledge the support of the Annenberg School, both programmatic and financial, for this program. The Annenberg School will provide two senior scholars, two pre-doctoral candidates and two post-doctoral fellows in the Bioethics area in the coming year and will also support conferences, a lecture series and a symposia in the Bioethics field, all in cooperation with Dr. Caplan.

Admissions. Mrs. Catherwood also reported that applications for admission to the School of Medicine topped 8,000 this year for the first time in its history. This reflects well on the quality and attractiveness of the School as a premier institution for the education of medical students.

Media Placements. Mrs. Catherwood reported that on September 13th the Medical Center kicked off its first-ever Image Campaign, with communications on the radio, television, in the newspaper and in selected magazines. The theme of the ads is that people should come to the Medical Center because it has the best doctors. The ads focused initially on improving the public’s awareness of the Medical Center and then on Cancer Services. In December the Center will kick off a communication for Nursing and, after the holidays, communications for Neurosciences. The results of the campaign have been remarkable. Calls to the Medical Center in response to the Image Campaign ads increased more than 100%, and cancer calls went up more than six-fold. Appointments have also increased. To verify the effectiveness of the communications, the Health System will conduct Image and Specific Awareness Research.

Development. The University has received a report from Deloitte & Touche on their review of the Medical Center Strategic and Implementation Plans. The review indicated that the Medical Center Strategic Plan was visionary and appropriate given national trends. Deloitte & Touche recommended that there be periodic reports to the trustees on the implementation, and the Health System trustees will also be monitoring implementation on an ongoing basis.

Clinical Care Associates. Clinical Care Associates, the Health System’s network of provider doctors and nurses throughout the greater Delaware Valley, continues to evolve. CCA efforts to identify and recruit the best generalist physicians in the Delaware Valley are moving forward at an accelerated pace, with major efforts now focusing on West and Southwest Philadelphia, Center City, and Delaware County. Overall, through November 15th, 199 physicians in the Delaware Valley have been contacted, with almost 80 already moving past the “letter of intent” phase of the acquisition process.

V. Overseer and Other Boards

The following resolutions on appointments to overseer and other boards were approved upon motion duly made and seconded:

RESOLVED, that William J. Ryan be appointed be the Board of Overseers of the School of Dental Medicine for a three-year term, effective December 10, 1993.

RESOLVED, that Deborah Miller Zabel be appointed to the Board of Overseers of the Graduate School of Education for a three-year term, effective December 10, 1993.
RESOLVED, that Charles L. Andes be appointed to the Board of Overseers of the School of Engineering and Applied Science for a three-year term, effective December 10, 1993.

RESOLVED, that Herbert S. Adler be appointed to the Board of Overseers of the University Libraries for a three-year term effective December 10, 1993.

RESOLVED, that Mollie Slattery be appointed to the School of Nursing Board of Overseers for a three-year term, effective December 10, 1993.

RESOLVED, that John Preston be appointed to the Board of Overseers of the School of Veterinary Medicine for a three-year term effective December 10, 1993.

RESOLVED, that the Hon. James R. Roebuck, Jr. be appointed to the Board of Advisors of the Annenberg Center for a three-year term beginning December 10, 1993.

RESOLVED, that Drs. Joel Eisner and Paul Rogers be appointed members of the Board of Trustees of Clinical Care Associates, effective upon the final closing of the PMA acquisition.

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