fixed-rate tax-exempt bonds during the year, with an effective annual interest rate of 5.4 percent (well above the cost of the short-term variable-rate notes paid off in part with the proceeds), and of $1.5 billion of taxable bonds at a 5.8 percent rate. Because that debt was on the books for only about half of fiscal 2009, it appears that the added interest expense will rise by an additional amount of the same magnitude—another $50 million to $60 million—this year.

Capital spending and property acquisitions, totaling $644 million, up about $50 million from fiscal 2008. Major projects included the Law School’s Northwest Corner complex; the prospective renovation and expansion of the Fogg Art Museum; and the Allston science complex. Shore said Harvard was “still in the process of planning and thinking about the options for all major construction projects: design details, construction costs, and financing are still being reevaluated.

Unanticipated but significant projects are the renovation and relocation of Cambridge laboratories to accommodate stem-cell scientists, and similar work in the Longwood Medical Area for bioengineering researchers; both groups had been assigned to the Allston complex. These extra costs will be covered by the Allston-related infrastructure fund (the half-percent annual administrative levy on endowment accounts yielded $76 million in fiscal 2009). No other significant work is in the pipeline. Instead, Shore noted, Harvard must identify appropriate interim uses for the Allston properties it has acquired but now will not occupy or redevelop soon. He said institutional uses, codevelopment options, and private use by other investors might be considered.

Shore did not forecast University expenses for the current fiscal year, nor costs will be covered by the Allston-related infrastructure fund (the half-percent annual administrative levy on endowment accounts yielded $76 million in fiscal 2009).

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