

**University of Pennsylvania Board of Trustees
Stated Meeting**

Meeting of February 23, 2007

MINUTES

A Stated Meeting of the Trustees of the University of Pennsylvania was convened on Friday, February 23, 2007, at 11:30 a.m. in Woodlands Ballroom, at the Inn at Penn.

Trustees present at the meeting were: Madlyn Abramson, Arlin Adams, Robert Blank, Gordon Bodek, Scott Bok, Christopher Browne, Richard Brown, Susan Catherwood, William Cheung, L. John Clark, David Cohen, Susan Danilow, Amy Gutmann, Alan Hassenfeld, Jon Huntsman, Michael Karp, Paul Kelly, Laurie Landeau, William Lauder, Robert Levy, M. Claire Lomax, William Mack, Howard Marks, Edward Mathias, Marc McMorris, Egbert Perry, Richard Perry, Julie Beren Platt, Mitchell Quain, James Riepe, Marie Savard, David Silfen, Lee Spelman Doty, Myles Tanenbaum, Susan Taylor, Robert Toll, Raymond Welsh, Paul Williams, and Mark Winkelman.

Administrators and guests present were: Robert Alig, Elise Betz, Mary Lee Brown, Glenn Bryan, Craig Carnaroli, Ronald Daniels, Carol de Fries, Scott Douglass, Lori Doyle, Mary Ferrell, Bonnie Gibson, Kristin Gilbertson, William Gipson, John Heuer, Eric Kaplan, Marc Kaplan, Jean-Marie Kneeley, Linda Kronfeld, Leslie Laird Kruhly, Anthony Lambino, Dawn Maglicco-Deitch, Lisa McClatchy, Afaf Meleis, Marguerite Miller, Joann Mitchell, Medha Narvekar, Anne Papageorge, Susan Phillips, Gregory Rost, Arthur Rubenstein, Maureen Rush, Heather Schweidel, Stephen Steinberg, Jason Tocci, Duncan Van Dusen, Wendy White, Marie Witt, and John Zeller.

The complete texts of all resolutions passed in the course of the meeting are appended to this document and are to be considered part of the official record of this meeting.

Chairman Riepe called the meeting to order.

Chair's Report

Chairman Riepe welcomed everyone to the winter meeting of the Trustees. He noted that the meetings have gone well, with the trustees hearing about the continuing momentum at Penn. He stated that Penn's impact on higher education is becoming more and more evident.

Mr. Riepe noted that CASE (Council for Advancement and Support of Education) honored Trustee and Penn Alumni President Paul Williams with the Robert L. Payton Award for volunteer service. Mr. Riepe noted that Mr. Williams has been an outstanding president of Penn Alumni for nearly four years, and congratulated him on his achievements. Mr. Riepe further stated that in Mr. Williams' role he has worked closely with Assistant Vice President for Alumni Relations Bob Alig, and that Mr. Alig also has

done a tremendous job. As Mr. Alig is leaving his current role to join the College Board as the Vice President for the Middle States Region, Mr. Williams lauded Mr. Alig's many accomplishments as a leader and a champion of diversity. Mr. Williams stated that Mr. Alig, with his passionate commitment to Penn, has raised the bar in the alumni relations area.

Mr. Riepe then welcomed the newest alumni trustees, William Cheung and M. Claire Lomax. He signaled the official invocation by University Chaplain Reverend William Gibson.

The minutes of the October 27th, 2006 meeting were approved as distributed.

The following resolution was presented and approved (full resolution text is appended):

- Resolution to Elect Robert I. Toll as Term Trustee (p. 1).

President's Report

Dr. Gutmann began her remarks by recognizing two great and beloved Penn scholars who recently passed away. First was Dr. Robert Lucid, who had been the faculty master at Gregory House and a mainstay at Penn's English Department. Dr. Lucid was also a biographer and close friend of Norman Mailer as well as a great advocate for undergraduate education. Second was chemistry professor and Nobel Laureate Dr. Alan McDiarmid, a preeminent chemist whose past work on polymers had a revolutionary impact on technology and on chemistry, physics, and on material science. She described Dr. McDiarmid as a modest and gracious colleague even after he won the Nobel Prize. Dr. Gutmann asked for a moment of silence for Drs. Lucid and McDiarmid.

Dr. Gutmann then reported that Penn is continuing to recruit PIK professors. The latest appointments are those of Philippe Bourgois, a medical anthropologist from University of California, San Francisco who is internationally known for his cross disciplinary research with inner city drug users; and Adrian Raine, a professor of physiology and neuroscience at the University of Southern California who is internationally renowned for his integration of biological and social perspectives on the prediction and explanation of criminal behavior.

Dr. Gutmann also noted that Penn is attracting an increasingly talented and diverse pool of undergraduates. This year, Penn experienced a 10% increase in applications, achieving an all-time record of 22,500 – exceeding last year's mark by 2,100 applications.

In terms of campus development, Dr. Gutmann had good news as well: thanks to a generous gift from Ralph, Susan, Brian, and Aileen Roberts, Penn is set to build the largest and most comprehensive proton therapy facility in the world.

Dr. Gutmann spoke of the impact that champion race horse Barbaro had on people at Penn. While tragic that Barbaro lost his battle against laminitis last month, the battle

against the disease has gained momentum. Barbaro's owners, Roy and Gretchen Jackson, have given Penn Vet a \$3 million gift to endow the Dean Richardson Chair in honor of Barbaro's surgeon. The chair strengthens Penn Vet's initiative to fight laminitis.

As the public phase of the Campaign is launched in October, Dr. Gutmann expressed confidence that the campaign will gain great momentum, backed by enthusiastic support from trustees, overseers, and Penn alumni.

She noted that Penn is now the first Ivy League university to become a signatory to the American College and University Presidents Climate Commitment.

The following resolution was presented and approved (full resolution text is appended):

- Resolution to Appoint Gregory S. Rost as Vice President and Chief of Staff (p. 2).

Academic Report

Provost Daniels began by reporting that there are currently two searches underway for important University positions: the Associate Provost for Faculty Affairs and the Director of the Penn Museum of Archaeology and Anthropology. Committees comprised of faculty and staff (and, in the case of the Museum, alumni,) will conduct a search and the Executive Search Firm Russell Reynolds Associates will help recruit candidates for the museum position. Mr. Daniels welcomed input on both of these vital positions and expressed hope that Penn will be able to make announcements in regards to both positions by the end of spring.

He next turned to student matters, noting that President Gutmann and he are continuing to work with the deans in strengthening educational opportunities at Penn, making new investments in both undergraduate opportunities on campus and international opportunities for undergraduate students. With respect to research, in concert with the Center for Undergraduate Research and Fellowships (CURF), Mr. Daniels has established the Provost's undergraduate research sponsorship program. This new program selects 12 sophomores to assist faculty members with their summer research.

In terms of international opportunities, deans and faculty have been challenged to generate proposals that will expand current international opportunities for students – with the promise that the Provost's office will fund the best ideas. The requests for proposals went out on January 31st, and Mr. Daniels hopes there will be an array of innovative ideas to consider by the end of February. They expect to be able to award \$100,000 in total grant support.

Mr. Daniels next gave an update on the Annenberg School for Communication. A publication of the Annenberg Public Policy Center, "Our Constitution", was named a notable social studies trade book for 2007 by the National Council for Social Studies and the Children's Book Council.

In other Annenberg news, professors Katherine Sender and Peter Decherney along with Dean Michael Delli Carpini recently filed a request for exemption to the Digital Millennium Copyright Act for all film and media studies scholars. Section 1201 of the Digital Millennium Copyright Act of 1998 prohibits the circumvention of encryption on all digital media – but thanks to the efforts of these Annenberg professors, the Library of Congress created an exemption for all film and media studies professors who need to create clips for their classes. This exemption applies to any media stored in the library of a film or media space department and went into effect on November 27, 2006.

Mr. Daniels concluded his report by mentioning that the Center for Global Communication Studies at Annenberg hosted a two day conference that attracted over 60 academics, journalists, and civil servants from across the globe.

The following resolution was presented and approved (full resolution text is appended):

- Resolution on faculty appointments, leaves and promotions (p. 3).

Dr. Gutmann then announced a new dean appointment: Andrew C. Porter will be the next Dean of the Graduate School of Education (GSE). Dr. Porter is currently Director of the Learning Services Institute in the Peabody College of Education and Development at Vanderbilt University, and will begin his new position at Penn on August 1st. Dr. Gutmann reported that Dr. Porter is very enthusiastic about building upon GSE's impressive reputation of contributing to educational research, teaching, practice, and policy; expanding GSE's interdisciplinary collaboration across Penn; and enhancing its contributions to the local community.

Financial Report

Executive Vice President Craig Carnaroli gave the financial report. Mr. Carnaroli reported that for the first six months of the year Penn has continued to have very strong financial performance. Penn's net asset position has grown by over \$600 million. Two main factors have contributed to this: the exceptionally strong performance in the operations of the health system (due to the strong management, particularly in clinical operations); and the excellent investment performance, led by our Chief Investment Officer Kristin Gilbertson and her team.

Mr. Carnaroli reminded everyone that this month Penn received an upgrade to Aa2 from Moody's Investors Service. This occurred as a result of several factors: health system performance; fundraising contributions; the endowment; academic excellence; and the selectivity of our admissions program. Mr. Carnaroli noted that this rating puts Penn in the upper echelon of higher education.

Mr. Carnaroli announced that after the year long investment at the Inn at Penn, they have seen very strong results. The incremental cash flow will enable Penn to do other important things. Additionally, as a way to contain costs, Penn is part of a new consortium for purchasing.

Mr. Carnaroli also noted that the new Vice President for Facilities and Real Estate, Anne Papageorge, is doing extremely well. Ms. Papageorge has expertise in design and construction and has been gathering feedback and focusing on what can be done to improve overall operations.

He addressed the need to be attentive to the research funding climate – the issue is the decline in NIH funding. Mr. Carnaroli noted that Penn has strong academic leadership to bring the University through this tough period.

Penn Medicine

Executive Vice President for the Health System and Dean of the Medical School Dr. Arthur Rubenstein delivered the Penn Medicine Report. Noting that there is a great deal going on at Penn Medicine, Dr. Rubenstein shared a few highlights. He echoed Mr. Carnaroli's statement that the Health System continues to operate in a financially sound manner. He noted that this environment provides the opportunity to make critical investments that will enable Penn Medicine to maintain a leadership role in research, education, and patient care.

Dr. Rubenstein complemented Penn Medicine's faculty and cited Dr. John Trojanowski's recent grant from the NIH for research on Parkinson's Disease. Dr. Trojanowski and his colleagues have worked for over five years to obtain this grant, a particularly difficult feat considering the current climate for research funding.

In terms of clinical care, Penn's surgeons recently removed a man's diseased heart and replaced it with an artificial pumping chamber; this artificial heart will serve as a bridge while the man waits for a new heart. Penn is one of the few academic medical centers in this country able to do this.

Last week, Penn Med held the induction ceremony for the honor society Alpha Omega Alpha, which has been at Penn since 1903. This society – which exemplifies professionalism, scholarship, service, and leadership – honors students who often become leaders in American science and medicine.

Academic Policy

Mr. Perry, chair of the Academic Policy Committee, gave a report on the joint meeting with the Ad Hoc Committee on Diversity. The Committees met jointly in order to discuss a subject relevant to both: diversity as it relates to faculty recruitment and retention. Ron Daniels and Janice Bellace delivered a two-part presentation: the first part focused on women and the second part focused on underrepresented minorities.

With respect to women, the Committee recognized that though progress has been made in recruiting women faculty members, there is much work to be done. Mr. Perry noted that by systematically evaluating why women opt out of the professoriate track, they made interesting observations which will help them frame the issue. They subsequently

discussed ways in which Penn could further improve results in recruiting and retaining women faculty.

Mr. Perry reported that the meeting then turned to the recruitment and retention of underrepresented minorities in the faculty, and the observations bore similarities to the previous discussion. In each instance there are declining pools of candidates and therefore Penn needs to develop additional strategies to recruit and retain a portion of the pools.

The Committees also examined ways that Penn could increase its leadership role and the size of the candidate pool, prompting better results. The numbers are modest but Penn's percentage participation is consistent with that of its Ivy peers. Mr. Perry also reported that they looked at ways that Penn could broaden its leadership role and redefine leadership in the future, both strategically and tactically.

Audit and Compliance

Audit and Compliance chair Paul Kelly noted that the Committee convened with the assistance of the University and Health System, financial management, operating managements and Penn's outside auditors to review the financial statements of the year ended December 31, 2006. Additionally, Mr. Kelly reported that the Committee received an update from the Office of General Counsel and the Office of Audit, Compliance and Privacy on security and privacy protection systems, which have been implemented throughout the University to preserve the confidentiality of personal records and other sensitive databases and information. He noted that management recognizes that continual monitoring and diligence in this area is vital to Penn's best interests.

The following resolution was presented and approved (full resolution text is appended):

- Resolution to Engage the Independent Accountant (p. 29).

Budget and Finance

Budget and Finance Chair John Clark reported that the Committee reviewed the consolidated academic and Health System financial results for the six months ending December 31st, 2006 – both actual and versus budget. He stated that because the numbers are so good the Committee is now moving towards examining the schools and the centers. The first presentation was on the employee benefits budget.

The following resolutions were presented and approved (full resolution text is appended):

- Resolution to Authorize Module VII Chiller Expansion in the Amount of \$29.8 Million (p. 30).
- Resolution to Authorize the Design and Construction of the ABSL3/BSL3 Laboratory Renovation in the Amount of \$9.46 Million (p. 31).
- Resolution to Authorize Purchase, Delivery and Installation of a 7T Magnet for the Stellar Chance Basement in the Amount of \$8.5 Million (p. 32).

- Resolution to Authorize Design and Construction of the School of Dental Medicine Evans Periodontic Clinic Renovations in the Amount of \$3.05 Million (p. 33).
- Resolution to Authorize a Lease for Space to be Occupied by the Department of Public Safety at 108 S. 40th St. in the Amount of \$1.26 Million (PV) (p. 34).
- Resolution to Authorize a Lease for Space to be Occupied by the School of Medicine Pulmonary Division at the Abramson Research Building, 10th Floor in the Amount of \$1.2 Million (PV) (p. 35).

Development

Chair David Silfen reported on the progress towards Penn's fundraising goals for the current fiscal year. Through the middle of February cash receipts have totaled over \$232 million, of which approximately \$86 million has been added to Penn's endowment for the first seven months of this year. Annual giving has generated over \$28 million. The Penn Fund – the annual fund targeted to alumni – has just crossed the \$13 million threshold. Mr. Silfen noted that both of those figures are approximately 10% ahead of last year's year-to-date results. The Development Committee met yesterday morning with consultant John Glier and continued in-depth discussions regarding campaign goals leading up to the October campaign launch.

External Affairs

External Affairs Vice Chair Alan Hassenfeld reported that the Committee watched three television advertisements created for use during free air time offered to the University. Mr. Hassenfeld noted that when television contracts for the Penn Relays, the NCAA basketball tournament, or for other sporting events are negotiated, free air time worth hundreds of thousands of dollars is provided to the University. A Philadelphia advertising agency worked on a pro bono basis with University Communications to develop three thirty second TV spots that showcase prominent Penn graduates from three eras: one spot features John Heisman; one features Andrea Mitchell; and one features John Legend.

Mr. Hassenfeld reported that the Committee then met with the new editorial staff of the *Daily Pennsylvanian (DP)*. The staff shared with the Trustees the important issues the *DP* is tackling this year and discussed the paper's goals, operations, and new initiatives.

Lastly, Van McMurtry explained how the proposed budgets at the local, state, and federal level will impact the University.

Facilities and Campus Planning

Facilities and Campus Planning Chair William Mack noted that Sasaki Associates president Dennis Pieprz presented an update to the campus development plan highlighting new public open spaces and proposed athletic facilities, as well as the creation of a new public gathering space in front of the Palestra.

Mr. Mack reported that the infill of the northern arcade at Franklin Field was presented as a student athlete fitness center. It will be combined with the adjacent promenade to extend Locust Walk and connect the center of campus to the new urban park and field to the east. Furthermore, the multi-use field house, originally presented in the plan, has now been re-envisioned as a series of sports venues including a seasonal air supported structure, a renovated Hutchinson Gymnasium, a racquet center, a swimming pool, and an indoor track. Mr. Mack stated that the Department of Recreation and Intercollegiate Athletics has taken a leading role in the design effort and that the Athletics Board of Overseers is actively fundraising for these projects.

Anne Papageorge, Vice President of Facilities and Real Estate Services, summarized environmental sustainability efforts at Penn. Penn is nationally recognized in several areas including wind power and energy efficiency. Dr. Gutmann also recently signed the American College and University Presidents Climate Commitment. Ms. Papageorge also discussed Penn's other sustainability efforts including neighborhood reinvestment, transit support, adaptive renovation of campus buildings and recycling. A goal will be to establish a campus sustainability advisory group which will measure continuing progress as well as identify the costs and benefits of additional investments to communicate and promote new sustainability practices.

Ms. Papageorge also gave an update on campus construction projects including the recently completed Hill Pavilion and several ongoing projects including the Perelman Center for Advanced Medicine and the adjoining Roberts Proton Therapy Center. She noted that the Hamilton Village college house renovations will continue and the Annenberg Public Policy Center renovations are set to begin this summer. Several other projects including the 4200 Pine St. condominiums, the Hub at 40th and Chestnut, Domus at 34th and Chestnut and the student apartments on the 3900 block of Walnut Street will add 550 new apartment units and 90,000 feet of retail space to the campus.

Neighborhood Initiatives

Vice Chair Susan Taylor reported that Dennis Culhane, Professor of Social Policy and Practice and Director of the Cartographic Modeling Laboratory, presented the latest University City indicators report. The presentation showed that the median residential sales price in University City and Cedar Park neighborhoods has increased steadily between 1999 and 2006 – a trend consistent with other Philadelphia neighborhoods that border Center City. Robberies have decreased in University City overall but, with the increased patrol activity and policing along the 40th Street corridor, there has been an increase in the narcotics arrests in that vicinity.

Dr. Taylor indicated that she and Neighborhood Initiatives Chair Gil Casellas attended the Office of Government and Community Affairs' first Thursday Meeting on February 1st. These monthly meetings bring together community members and key University administrators. Dr. Taylor stated that these meetings are great forums for communication, collaboration and consensus building. She noted that the overall

perception of Penn in the community is positive and the dialogue that occurs at the meetings is constructive.

Joann Mitchell updated the Committee on the international high school. Penn is still negotiating with the Philadelphia School District about the opening date for the school. The district's recent budget shortfall – reportedly in excess of \$73 million – has complicated the planning process. A meeting is pending with CEO Paul Vallas to determine whether the school will open in September of 2007, or if the opening has to be delayed until next year.

Glenn Bryan of OGCA reported on the Lucian Blackwell Apprenticeship Program, a Penn sponsored pilot program that will enroll 25 West Philadelphia minority residents each year in a union endorsed training program and will employ them on University construction projects. The program is moving forward nicely.

Cory Bowman of the Center for Community Partnerships spoke about the Skills Development Centers. He explained that these centers move West Philadelphia minority youths from high school into a pipeline of skills development and employment tailored to the work force needs of the University and area hospitals. A new partnership with the Penn Health System has been formed and announced, and this program experienced a major jump in enrollment from more than 100 participants in its first year to over 400 in its second year.

Student Life

Chair Alan Hassenfeld reported that the Student Life Committee focused on two topics: student emergency response protocols and Penn's graduate and professional student community. He added that the committee also received an update on the student-led voter registration and education campaign.

Sharon Smith, Director of Student Intervention Services (SIS), gave an overview of that unit's mission. In collaboration with other University resources, the SIS team provides 24 hour on-call coordination of services for individuals and also responds to campus emergencies. Typical cases handled by the SIS team include issues related to academic performance, behavioral mental health concerns, family emergencies, hospitalization, death and violence. Working with partners across campus, the SIS team is able to intervene at an early stage.

Mr. Hassenfeld reported that Brendan Darrow, a college senior who is spearheading Penn Leads the Vote and the REV UP campaign on campus, updated the Committee on the recent election: in the 2002 midterm election, 500 students voted; while in 2006, 1500 students voted.

Lastly, Associate Provost Andrew Binns discussed graduate student life at Penn. Graduate and professional students make up nearly 50% of Penn's student population (11,700 out of 23,750). Lee Shaker and Cassondra Giombetti, graduate student leaders

representing the Graduate and Professional Student Association (GAPSA) and the Graduate Student Associations Council (GSAC), reviewed the current graduate and professional student government structure at Penn and presented a proposal for a new organizational model. The proposal combines the two existing organizations representing graduate students into one University-wide graduate and professional student organization. They hope to finalize the new model this spring. Mr. Hassenfeld added that there is no expense for this change.

Investment Board

Chair Howard Marks reported that the Investment Board reviewed the results for the calendar year ended on December 31st. The AIF returned 15.5%, about in line for the benchmark for the weighted strategy. He noted that it was a terrific absolute rate of return. Mr. Marks conceded that other institutions had higher returns, but that these were primarily institutions with long established programs in private equity and real estate. Penn is catching up.

Mr. Marks also pointed out that the returns for the first half of the fiscal year, for three years, for five years, and for 10 years are excellent in the absolute and ahead of the benchmark. In one year the individual strategy shows strong returns of 18% in international equity, 31% in emerging market equity, 20% in private equity and 18% in absolute return. These are the areas in which the Office of Investments is making tremendous improvement. Mr. Marks noted that much progress has been made and that this will continue.

Penn Alumni

Chair Paul Williams reported on four items from the Penn Alumni meeting. First, the bylaws of Penn Alumni have been modified to eliminate the regional trustee designation and to provide that all alumni trustees will now serve on an at-large basis. Mr. Williams noted that it is imperative that the alumni trustees reflect the diversity of the University's alumni population including geographic origin. He added that they have a robust number of alumni trustee nominees, and later this year they will be reporting on selected nominees.

Second, the Task Force has completed its strategic planning efforts. Their report has been submitted and presented to the President, staff, and the deans. Mr. Williams stated that there has been very strong consensus on the value of the effort. The report calls for greater coordination and collaboration across the schools and centers. He indicated that he would report on some of the important initiatives as the year progresses.

Third, Mr. Williams acknowledged that they have begun a search (assisted by Isaacson, Miller) for a new Assistant Vice President and Executive Director for Alumni Relations. Representatives met with the alumni trustees to discuss the goals, strategy and timetable of the search process. They anticipate additional representatives on the Penn Alumni

Executive Committee to inform the search effort. He will report on this at the next meeting.

Lastly, Mr. Williams noted that the Trustees have been working strategically with the schools and centers in preparation for Alumni Weekend. He reminded everyone that attendance at the events has picked up progressively over the past few years and that they should note the dates May 11-14 and look for the alumni weekend guide in early March. Mr. Williams finished his report by expressing gratitude to Bob Alig and to the dedicated Alumni Relations team.

Appointments to Overseers and Other Boards

The following resolutions were presented and approved (full resolution text is appended):

- Resolution to Appoint David M. Brashear to the Board of Overseers of the Annenberg Center for Performing Arts (p. 36).
- Resolution to Appoint Marc F. McMorris and John R. Reinsberg to the School of Arts and Sciences Board of Overseers (p. 37).
- Resolution to Appoint Marc H. Rapaport to the Athletics Board of Overseers (p. 38).
- Resolution to Appoint Cynthia Golub, Ariel Groveman Weiner, Michael Weiner, Sharon Weiner and Eloise Wood to the Board of Overseers of the Center for Advanced Judaic Studies (p. 39).
- Resolution to Appoint Glenn R. Oxner and Irving (Bud) Rothstein to the Board of Overseers of the School of Dental Medicine (p. 41).
- Resolution to Appoint Ofer Nemirovsky to the Board of Overseers of the School of Engineering and Applied Science (p. 42).
- Resolution to Appoint Jay C. Penske to the Board of Overseers of the University Libraries (p. 43).
- Resolution to Appoint Randall E. Mehrberg to the Penn Medicine Board (p. 44).
- Resolution to Deborah McColloch to the Board of PennPraxis (p. 45).
- Resolution to Appoint Ann Nolan Reese to the Board of Overseers of the School of Social Policy and Practice (p. 46).
- Resolution to Appoint Jerome A. Rosenthal and Robin Rubenstein to the Board of Overseers for the School of Veterinary Medicine (p. 47).
- Resolution to Appoint the 2007 Slate of The Wistar Institute Board of Trustees (p. 48).
- Resolution to Appoint Marie A. Savard and to Reappoint David W. Sweet to the WXPB Policy Board (p. 49).

Respectfully submitted,

Leslie Kruhly
Secretary of the University