Minutes of the Meeting of the Executive Committee
of the Trustees of the University of Pennsylvania
March 22, 2001

A meeting of the Executive Committee of the Trustees of the University of Pennsylvania was convened at 2:35 p.m. on Thursday, March 22, 2001, in Woodlands CD, at the Inn at Penn.

Trustees present were: Judith Roth Berkowitz, Christopher Browne, Gilbert Casellas, Susan Catherwood, L. John Clark, Paul Kelly, James Riepe, Judith Rodin (ex officio), Leonard Shapiro, and Michael Tarnopol. Others present were: Robert Barchi, Peter Erichsen, John Fry, Kimberly Hoover, Leslie Laird Kruhly, Robert Martin, Marguerite Miller, Judith Rogers, and Stephen Schutt.

I. Call to Order—Mr. James Riepe

The minutes of the meeting of December 8, 2000 were approved as previously distributed.

II. President’s Report—Dr. Judith Rodin

A. Comments

Dr. Rodin began by first noting the formal opening of the Charles Addams Fine Arts Hall on the previous evening. The hall has spacious studios for life drawing, painting and sculpture, as well as superb facilities for photography, an extensive equipment loan center, and a digital video center. Dr. Rodin then announced that Stephen Goldstone, the retired chairman of Nabisco Group Holdings, has made a $2 million gift to the School of Arts and Sciences (SAS) to create the Stephen Goldstone Fund for Philosophy, Politics and Economics (PPE). PPE is an interdisciplinary major, created in 1992, that brings together students and scholars from the Humanities and Social Science Departments who share an interest in social, political and economic thought. Dr. Rodin also noted the new faculty appointment of Roger Smith, a political scientist from Yale. Highlighting yet another milestone for the University arts community, Dr. Rodin announced that Dr. George Crumb, the Annenberg Professor Emeritus of the Humanities, received a Grammy this year for Best Contemporary Classic for his recording entitled 70th Birthday Album.

Dr. Rodin congratulated the Women’s Basketball team for winning the Ivy Crown. Penn is extremely proud of them. The team is undefeated in the Ivy League and has the longest winning streak in NCAA (men or women) this season, 21 and 0.

Dr. Rodin closed her report by proudly noting that the 1998-1999 The Chronicle of Higher Education rankings of institutions receiving federal research and development
expenditures, in which Penn is ranked 7th, at the top of its Ivy League comparison group. The University owes much of this achievement to the stellar faculty.

B. Academic Report—Dr. Robert Barchi

Dr. Barchi began his report by noting that Penn is having another strong recruiting season for undergraduates, currently with 19,152 applicants to the undergraduate programs, a 1.5 percent increase in total applications over last year. The early decision pool increased 10.9 percent this year, to a total of 2,851. The overall quality of applicants has risen by all the standard metrics that Penn uses both in formal testing and evaluation of performance in secondary school educational environments.

Dr. Barchi announced some improvement in graduate student support levels to be instituted in 2001-2002. The University is making a substantial investment to enhance the funding for most of its Ph.D students, which will be accomplished by doing the following: 1) Penn will pay the full health insurance premium for over 1,000 students in SAS and five other schools for a period of the first 6 years of students’ training; 2) the University is moving forward on the opening of a new graduate center and in the search for a new graduate student center director, both of which will hopefully be in place by September; and 3) SAS has recently announced significant changes in the stipend support levels for many of its Ph.D. students.

Dr. Barchi then noted that, over the past few decades, Penn has steadily heightened the level of scrutiny of undergraduate and graduate teaching by its faculty. Although faculty teaching is extraordinarily important and a major factor in appointments and promotions at Penn, however, some of the mechanisms used to generate data for these assessments have not been developed cohesively. At the recommendation of a Subcommittee on Teaching and Evaluation of the Faculty Senate Committee on Administration, a joint committee has been established to evaluate the University’s teaching evaluation mechanisms and the processes across schools that are used to assess faculty teaching. Professor Larry Gross, the Faculty Senate Chair, and Dr. Barchi have now charged a joint Faculty Senate-Provost committee to evaluate teaching. The University community looks forward to learning the results and recommendations of the joint committee, which Dr. Barchi will share once they become available.

Finally, Dr. Barchi presented the following resolution for approval by the Trustees.

Action……….1. A **Resolution on Faculty Appointments, Leaves**, as presented in pages 1-19 of the meeting book, was approved.

C. Financial Report—Mr. John Fry

Mr. Fry gave the **Financial Report** for the period July 1, 2000 to July 31, 2001 for the University and for the **Health Services Component**.
For the University, during the 7 months of Fiscal Year (FY) 2001, the University increased its net assets, unrestricted, temporarily restricted and permanently restricted, by $248 million to a total of over $4.6 billion. Most of this increase is the result of non-operating contributions to endowment and various capital projects of $121 million, and realized and unrealized gains on investments of approximately $117 million. The University recorded an increase in net assets from its operating activities of $11.7 million through January 2001. As shown on the Statement of Financial Position, plant assets, net of depreciation, of $54.3 million have increased over $84 million since June 30, 2000. This increase is primarily the result of capital costs incurred for Huntsman Hall, Hamilton Square, Quadrangle Renovations, Perelman Quad and the Mod VII Chiller Plant.

The fair value of the University’s endowment, excluding the Health Services Component, was $2.82 billion at January 31, 2001, and has increased approximately $165 million from a year ago. For FY 2001, operating revenues have increased approximately 9.8 percent over the comparable period in FY 2000. Overall, tuition and fee revenues, net of direct grants, increased 4.8 percent, reflecting the tuition rate increase, a slight increase in enrollment, and increases in certain special programs. The University continues to experience increasing revenue derived from contributions and sponsored programs. Sponsored program revenues, including indirect cost recoveries, increased 11.4 percent over the same period in FY 2000 to a total of almost $281 million. This increase reflects the continuing trend that the University has experienced over the last several years in the number of new sponsored program rewards received. The University also recorded an increase of almost 11.4 percent in combined operating and non-operating contributions from FY 2000 to FY 2001.

Operating expenditures increased 10.5 percent, primarily the result of increased sponsored program activities and an increase in depreciation resulting from the FY 2001 opening of the Perelman Quad and several other capital projects. Finally, net cash provided by operating activities total $168.2 million for the first 7 months, compared to $204.6 million during the same period in FY 2000. The difference for the period is accounted for by the change in inter-entity balances. The primary use of cash was for the purchase of property planning and equipment of $141 million, which is $12.4 million below the capital investment activity for the same period last year.

Through January 31, 2001 for the Health Services Component of the Health System had an overall increase in net assets of $42.7 million. Gains from operations were $19.3 million for the year, which was favorable to the budget by almost $21.1 million. After accounting for non-operating revenue and other support, the Health Services component had an overall excess of revenue over expenses of $40.5 million before an unrealized gain on the fair value of its investments of $6.8 million. Year-to-date operating revenue was favorable to budget by $8.6 million and higher than the comparable prior year by $4.7 million. Year-to-date operating expenses, including corporate expenses, were favorable to budget by $13.2 million and lower than the comparable prior year period by $20.4 million. Operating cash declined $36.5 million for the first 7 months. Health Services management continues efforts to preserve overall
liquidity by limiting capital expenditures and improving receivables collections. Days in accounts receivable fell to 95 days as compared to 100 in June 30, 2000.

D. Health System Report—Dr. Robert Martin

Dr. Martin reported that, through December 31, 2000, the Health System’s development campaign, “Creating the Future of Medicine,” has raised more than $647 million—almost $50 million above the original target. In addition, the service line strategic planning initiatives are close to completion and are being reviewed internally with management and, eventually, will be presented to the various governing bodies of the University and the Health System. Dr. Martin also reported good news about the graduate resident medical matches that occurred recently. In almost every case, the matches are superior to last year’s. Dr. Martin also noted that the preliminary National Institute of Health (NIH) rankings for research grant funding still places the Health System in second place overall and the total funding, once finalized, will represent a significant gain over the prior year. Finally, Dr. Martin stated that the recent Medical Center JCAHO hospital accreditation results showed an unofficial 90+ score and that the surveyors were very impressed by the collaboration, teamwork and commitment to patient care that they witnessed at the Medical Center.

III. Trustee Committee Reports

A. Budget and Finance Committee—Mr. John Clark

Mr. Clark stated that the Budget and Finance Committee had met earlier that day to review the University financial report for the seven months ended January 31, 2001 and the University of Pennsylvania Health Services financial report for the seven months of the same period. He noted that a presentation was made at the meeting on tuition fees and other student charges, which is subject to a resolution that Mr. Clark will present. Both reports were accepted after review.

Mr. Clark presented the following resolutions for approval by the Trustees.

Action……….1. A Resolution on a Revised Scope and Budget for the Design and Construction of the David S. Pottruck Health & Fitness Center was approved as follows:

In September 1999, the Trustees approved a $20.0 million project to construct the new David S. Pottruck Health & Fitness Center for the Division of Recreation & Intercollegiate Athletics. The David S. Pottruck Health & Fitness Center is intended to supplement current facilities to meet campus needs for a comprehensive, self-directed health and fitness program. The new construction will be an addition to the current Gimbel Gymnasium facility and will provide approximately 65,000 square feet for expanded and new programs, including
weights and cardiovascular training, multi-functional courts and associated facilities.

Subsequent to the initial approval, it was determined that Gimbel Gymnasium needed to remain operational throughout the academic year during construction. That requirement delayed the start and extended the duration of construction resulting in construction escalation and extended duration costs of $1 million. The scope of work was therefore expanded to include temporary measures necessary to keep Gimbel Gymnasium operational during construction. The cost of the temporary measures is $1.6 million. Another operational concern that has been addressed is the temporary relocation of vendors from the site and relocation back to a courtyard vendors plaza to be constructed between the new Pottruck facility and the adjacent parking garage ($250,000). Finally, three architectural enhancements have been included in the final design. First, clear glass block will be installed on the pool level of the west exterior Gimbel Gymnasium wall ($150,000). Second, glass skylights will be installed in the new Pottruck atrium ($200,000). Finally, the building’s façade spandrels will be constructed of a premium clay tile system in lieu of corrugated metal panels previously considered ($600,000). As a result of these changes, the estimated cost of the David S. Pottruck Health & Fitness Center will increase by $3.8 million. This cost increase will be covered by an Internal Capital Project Loan to be repaid by the Division of Recreation and Intercollegiate Athletics.

**RESOLVED,** that the design and construction of the David S. Pottruck Health & Fitness Center, estimated to cost $3.8 million more than the previously-approved budget of $20.0 million, be and the same hereby approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take actions, execute such contracts and incur such expenses and obligations—not, however, in excess of 110 percent of the estimated cost as presented to the Budget and Finance Committee—as may, in their judgement, be necessary or desirable to accomplish the purposes of this resolution.

*Action.*

A Resolution on Tuition, Fees, and Other Student Charges for Academic Year 2001-2002 was approved as follows:

*Note that the text of this resolution was distributed at the meeting, and, thus, was not included in the meeting book.*

The Administration proposes to establish the following tuition, fees, and other student charges for Academic Year 2001-2002:

For undergraduates, tuition, fees, room and board will total $34,614. This includes tuition of $23,998, a general fee of $2,144, a technology fee of $488, an average room rate in the residence halls of $4,850, and an average meal plan
charge of $3,134. For graduate students, tuition and fees will total $27,362. This includes tuition of $25,750 and a general fee of $1,612. 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 $1,272.

RESOLVED, that for Academic Year 2001-2002, total undergraduate charges will be $34,614, including tuition of $23,998, a general fee of $2,144, a technology fee of $488, an average room rate in the residence halls of $4,850, and an average meal plan charge of $3,134; tuition and fees for graduate students will total $27,362, including tuition of $25,750 and a general fee of $1,612; 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 $1,272; and part-time tuition and fees rates will be determined administratively and will increase proportionately.

Action……….3. A Resolution Approving The Sale and Transfer of Certain Computer Hardware in Connection with the Information Systems Outsourcing Transaction was approved as follows:

WHEREAS, the University of Pennsylvania Health System (“UPHS”) has entered into a five-year contract with FCG Management Services, LLC (“FCG MS”) to outsource a substantial portion of the information technology function of UPHS, including most of the information system infrastructure and applications support. The outsourcing agreement is a continuation of UPHS’ financial recovery strategy with expected savings of approximately $16 million in operating costs over the life of the approximately $101 million contract; and

WHEREAS, as part of that outsourcing, FCG MS has entered into a contract with its prime subcontractor, Affiliated Computer Services, Inc. (“ACS”) to perform and manage the data center operations. The mainframe and midrange computer systems will be supported by ACS at its Pittsburgh, Pennsylvania data center. As part of such outsourcing operations, it will be useful for UPHS’ current midrange and mainframe components that are presently located in UPHS’ data center to be relocated to ACS’ facility in Pittsburgh. In connection with this, UPHS desires to sell certain computer hardware, as listed on Schedule 4.4.1 attached hereto, to ACS for a fair market value of $284,000. ASC will thereafter maintain, upgrade and replace the midrange and mainframe components at ASC’ expense. As a result of these outsourcing operations, UPHS expects to avoid significant future capital investment while maintaining operating cost reductions. Due to the difference between UPHS’ book value and the fair market value, there will be a projected loss of $478,595 incurred during the first year of the outsourcing contract.
WHEREAS, the UPHS Trustee Board Executive Committee has recommended to the University of Pennsylvania Trustees’ Budget and Finance Committee that the foregoing be approved.

NOW, THEREFORE, BE IT RESOLVED, that the recommendations of the UPHS Trustee Board Executive Committee be and the same are hereby authorized and approved.

FURTHER RESOLVED, that the sale and transfer of the computer hardware listed on Schedule 4.4.1 attached hereto, in connection with the information technology outsourcing, for the fair market value of $284,000, be and is approved; and

FURTHER RESOLVED, that any one or more of the officers of UPHS be authorized and directed in the name and on behalf of the Trustees to make all such arrangements to do and perform all such acts and things, and to execute and deliver all such officer’s certificates and other instruments, documents and agreements as they may deem necessary or appropriate in order to effectuate fully the purpose of the foregoing resolution, and to pay any and all expenses arising therefrom or in connection therewith.

ATTACHMENT 4.4.1
TRANSFERRED HARDWARE

Subject to the approval of Customer’s Board of Trustees, ACS will acquire the following Hardware from Customer as part of the Services to be performed. This list represents both the “Mid-range” and Mainframe components that ACS will obtain. The mid-range equipment, identified as such in this table, will be acquired for the aggregate fair market value of $284,000.

MIDRANGE EQUIPMENT LIST

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<tr>
<th>Server Name</th>
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### MAINFRAME EQUIPMENT LIST

The 9121 Model 521 mainframe, leased by Customer, is not to be obtained by ACS. It will be returned to the vendor by Customer after migration to the Pittsburgh data center occurs.

The 9121 Model 622 mainframe, owned by Customer, will receive assistance from ACS in brokering the disposition of the 9121 622.

ACS will not assume any Mainframe equipment from Customer.

### NETWORK EQUIPMENT

ACS will not assume any network equipment from Customer.

### PRINTER EQUIPMENT

ACS will not assume any printer equipment from Customer.

*Action*...........4. A Resolution Approving the Exercise of an Option to Acquire an Equity Interest in FCG Management Services, LLC in Connection with the Information Systems Outsourcing Transaction was approved as follows:
WHEREAS, the University of Pennsylvania Health System (“UPHS”) has entered into a five-year contract with FCG Management Services, LLC (“FCG MS”) to outsource a substantial portion of the information technology function of UPHS in continuation of UPHS’ financial recovery strategy; and

WHEREAS, in conjunction with the outsourcing of the information technology function, the Trustees of the University of Pennsylvania, on behalf of UPHS, have been granted an option (the “Option”) by FCG MS to acquire 52 Class B Units of FCG MS for $100 per Unit during an Option period through April 1, 2001; and

WHEREAS, the 52 Class B Units would constitute 4.9 percent of the fully diluted ownership of FCG MS; and

WHEREAS, following the exercise of the Option other equity members of FCG MS will be FCG Management Holdings, Inc. (80.1 percent) and New York and Presbyterian Hospital (15 percent); and

WHEREAS, UPHS will not be required to contribute any capital to FCG MS in excess of its initial funds for the purchase of the Units; and

WHEREAS, the terms and conditions of Unit ownership, including the Trustees’ right to put the Units for $2.5 million and the Trustees’ obligation to deliver the Units upon a call for $3.5 million, are more fully set forth in the Option Agreement to be entered into between UPHS and FCG MS.

WHEREAS, the UPHS Trustee Board Executive Committee has recommended to the University of Pennsylvania Trustees Budget and Finance Committee that the foregoing be approved.

NOW, THEREFORE, BE IT RESOLVED, that the recommendations of the UPHS Trustee Board Executive Committee be and the same are hereby authorized and approved.

FURTHER RESOLVED, that the exercise of the option to acquire 52 Class B Units of FCG Management Services, LLC in exchange for the payment of $5,200, be and is approved.

FURTHER RESOLVED, that any one or more of the officers of UPHS be authorized and directed in the name and on behalf of the Trustees to make all such arrangements to do and perform all such acts and things, and to execute and deliver all such officer’s certificates and other instruments, documents and agreements as they may deem necessary or appropriate in order to effectuate fully the purpose of the foregoing resolution, and to pay any and all expenses arising therefrom or in connection therewith.
5. A Resolution to Execute PIM Agreement and Continue Involvement in the Operations and Governance of PIM for the University of Pennsylvania Medical Center and The Pennsylvania Hospital of UPHS was approved as follows:

**Background:** Philadelphia International Medicine (PIM) is a company formed in 1999 that is designed to bring international patients to the Philadelphia region for their healthcare. It is a limited liability corporation composed of 11 leading healthcare institutions in the Philadelphia region with participation by the City of Philadelphia, Commonwealth of Pennsylvania and Delaware Valley Healthcare Council of HAP (DVHC). The 11 founding members of PIM are: Children’s Hospital of Philadelphia; Christiana Care Health Services; Crozer-Keystone Health System; Fox Chase Cancer Center; Moss Rehab Hospital; University of Pennsylvania Medical Center (UPMC); Temple University Hospital; Thomas Jefferson University Hospital; Pennsylvania Hospital of UPHS (PAH); Wills Eye Hospital; and DVHC. There may be up to 18 hospital members and affiliate service provider members. The Chief Executive Officer or another senior executive officer of each of the 11 member hospitals is on the PIM Board of Managers. Leslie C. Davis, Associate Vice President for Marketing and Strategic Planning, is currently representing UPMC and PAH on the Board. Actions are by a majority of a quorum of the Board.

Sixty-three (63) patients were referred to PIM members for treatment in 2000, with UPMC and PAH receiving the majority of referrals, compared to forty-two (42) in 1999. Membership in PIM provides a dedicated infrastructure to support coordinated marketing and services to this population regionally that would be prohibitive for each entity to undertake alone. Due to financial constraints and management changes, UPHS did not initially actively participate within PIM or organize its resources internally to maximize PIM services. UPHS has recently re-organized its administrative structure to enhance its activity with PIM, with a corresponding dramatic increase in PIM referral activity. The activity to date has been:

Activity Report from PIM: January 1, 2000 to January 1, 2001

<table>
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<tr>
<th>Member Hospital</th>
<th>Medical Opinions</th>
<th>Admissions as of October</th>
<th>October Appointments</th>
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<tr>
<td>Moss Rehab Hospital</td>
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<td>0</td>
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<tr>
<td>Magee Rehabilitation Hospital</td>
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</tbody>
</table>
Currently, PIM has four major functions: international services; business development; international continuing medical education; and communication. Each of these services is designed to facilitate the development of the international healthcare market in the Philadelphia area through a coordinated effort. Initial target nations include the United Arab Emirates, Brazil and Canada.

**Process:** It was initially planned that UPMC and PAH would each make a $90,000 capital contribution to become members in PIM, since PIM was a start-up venture. To date, PIM has only required $45,000 per institution in capital contribution. A member may withdraw from PIM after making its capital contribution, provided the withdrawal is after July 1, 2001. PIM will be performing a detailed financial review at month 42 (June 2001). The capital contributions are not refundable.

Each healthcare or affiliate provider member agrees to promptly respond to healthcare service inquiries from PIM within 4 days with an estimated price proposal and treatment plan if requested. PIM assists with travel arrangements, contracts for medically certified, professional interpreter services, hospitality and lodging for the patient and his/her family. If an international patient requests a particular provider, PIM facilitates that request. If a patient seeks a particular type of care, such as cancer care, PIM solicits responses from any member identified as providing such care on a rotating basis provided they respond to the inquiry promptly.

Each member pays PIM an administrative fee equal to 12 percent of the global bill actually collected of each international patient treated by the provider. Treatment under the global bill includes in-patient and out-patient care, home health services, physician care, medical rehabilitation and behavioral health services. The 12 percent fee applies to each international patient’s global bill for each defined episode of care to the extent that it does not exceed $100,000. Any portion of a global bill that exceeds $100,000 is subject to a PIM administrative fee of 6 percent. The administrative fee does not include services for pre-existing patients.

International patients only include those patients that are not eligible for payment or reimbursement for healthcare services under any federal or state healthcare

<table>
<thead>
<tr>
<th>Healthcare Provider</th>
<th>Count 1</th>
<th>Count 2</th>
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<tr>
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<td>4</td>
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<tr>
<td>Crozer-Keystone Medical Center</td>
<td>8</td>
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<tr>
<td>Children’s Hospital</td>
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<td><strong>8</strong></td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>153</strong></td>
<td><strong>48</strong></td>
<td><strong>54</strong></td>
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<th>Healthcare Provider</th>
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<tbody>
<tr>
<td><strong>UPMC and PAH Total</strong></td>
<td><strong>69</strong></td>
<td><strong>17</strong></td>
<td><strong>50</strong></td>
</tr>
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</table>
program and does not include anyone domiciled in, or a citizen of, the United States, for whom payment of fees for PIM’s services may be prohibited. In the event that an administrative fee is paid for such a patient, it will be refunded by PIM.

Benefits and Risks: Participation in PIM offers exciting opportunities to be part of a collective effort involving peer institutions, work with governments to grow the economy and gain an international market position and recognition that the Health System could not presently do individually, including in countries not currently aware of our facilities in the Philadelphia area. For the most part, the treatment provided to international patients is on a fee for service, cash basis or through arrangements sponsored by an embassy. PIM has contracted with a third-party agency to ensure payments are timely.

Challenges faced during this contract period include only moderate interest among all specialties due to busy schedules, development costs such as translator fees, informed staff-knowledgeable on cultural customs and systems able to track patient activity. The implementation of this contract included formation of a UPHS oversight committee to provide leadership on clinical and educational initiatives, and an operations committee to improve process flow and formalized marketing initiatives targeting admissions and tertiary care.

Prior to our participation, we obtained a letter from the law firm of Buchanan Ingersoll regarding the proposed venture, including the legal issues raised by the fee structure. In outside counsel’s opinion, it is unlikely that regulatory issues would be implicated by virtue of membership in PIM or provider status with PIM. Because PIM is a limited liability corporation, there should not be an increased risk of professional liability for the actions of other PIM providers.

WHEREAS, the University of Pennsylvania Health System has contributed a total of $90,000 ($45,000 for PAH and $45,000 for UPMC) as capital contribution subject to Trustee approval, current Health System Senior Leadership recommends ratification of such actions and approval to continue this arrangement as founding members, pay PIM annual dues and administrative fees, and that UPMC and PAH execute all necessary agreements, including, but not limited to, the operating agreement of PIM, subscription agreement, and continue its involvement in the operations and governance of PIM;

NOW, THEREFORE, BE IT:

RESOLVED, that the recommendations of the University of Pennsylvania Health System Trustee Board Executive Committee be and the same are hereby authorized and that UPMC and PAH both remain founding members of PIM with capital contribution of $90,000; that the Senior Vice President for Professional Services of UPHS or Associate Vice President of Marketing and Strategic
Planning, UPHS or another senior executive officer of UPHS or PAH serve on the Board of PIM on behalf of UPMC and PAH; pay annual dues, requisite administrative fees and continue involvement in the operations and governance of PIM; such actions being ratified and continued; and that the Chief Executive Officer/Dean of the Health System and the Executive Director of PAH or other appropriate officers of UPHS and of PAH be and they hereby are authorized to take and ratify such actions, execute the operating agreement of PIM and subscription agreement and such other contracts and incur such expenses and obligations as may, in their judgment, be necessary or desirable to accomplish the purposes of the resolution.

Action……….6. A Resolution on Approval of the Sale of Real Estate Located at 1723 Woodbourne Road, Levittown, Pennsylvania was approved as follows:

The Trustee Board of Clinical Care Associates of the University of Pennsylvania Health System (“CCA”) proposes to cause CCA to sell its 78.11 percent interest of the stock of PCV, Inc. a Pennsylvania corporation that owns as its sole asset the land and medical office building at 1723 Woodbourne Road, Levittown, Middletown Township, Bucks County, Pennsylvania (the “Property”). The Property and the general terms and conditions for the sale of the Property are described on the “Terms and Conditions Summary” attached to this consent.

RESOLVED, that CCA is hereby authorized to sell the Property substantially on the general terms and conditions set forth on the “Terms and Conditions Summary,” and to negotiate, execute, deliver and perform definitive agreements regarding the transactions described on the “Terms and Conditions Summary,” with such additional terms and changes as the Executive Director considers appropriate and in the best interest of CCA; and

FURTHER RESOLVED, that the Budget and Finance Committee of the Trustees of the University of Pennsylvania approves that the Executive Director 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 may be necessary, appropriate or desirable to carry out the purposes of the foregoing resolutions, such determination to be conclusively evidenced by taking of such action or the execution of such documents.
Clinical Care Associates of the University of Pennsylvania Health System ("CCA") owns 78.11 percent of the stock of PCV, Inc. ("PCV"), a Pennsylvania corporation that owns as its sole asset the land and medical office building at 1723 Woodbourne Road, Levittown, Middletown Township, Bucks County, Pennsylvania (the "Property"). Three physicians unrelated to CCA own the remaining 21.89 percent of the shares of PCV.

CCA acquired its shareholder interest in PCV in 1994, in connection with its acquisition of the medical practice known as Medical Arts Associates. At the time, the Property was appraised for approximately $1.4 million. In 1996, three of the original owners sold their shares to CCA.

The Property became rather outdated in the last several years, and many of the tenants, including CCA, relocated. In March 1999, the shareholders approved the listing of the Property for approximately $700,000. There were no bona fide offers received until December, 2000, when PCV received an offer for $525,000. The shareholders agreed to accept the offer, and PCV has entered into an agreement of sale providing for the sale of the Property to R.M. Benbow Properties, Inc., for $525,000, with the sale contingent on the approval of the Boards of CCA, the Health System and the Trustees of the University of Pennsylvania.

CCA Senior Management recommends the acceptance of this offer for the following reasons:

- The Property is in significant disrepair and will require significant capital to raise it to “community”, let alone “Penn,” standards;

- The daily operations of the partnership have fallen to CCA, which dilutes the time we have available to running physician practices; and

- The Property has been for sale exceeding one year and this is the only legitimate offer received.

The closing for the Property is scheduled for ten days after the Board approvals are granted. PCV is obligated, after the closing, to remove four underground oil
tanks located on the Property. PCV has obtained a firm quote for this work, and anticipates that the removal cost will not exceed $10,000.

The proceeds of the sale will be used to pay: (i) accrued real estate taxes, security deposits due to former tenants of the Property, and other small amounts owed to vendors of approximately $47,000; (ii) the outstanding mortgage balance of approximately $100,000; (iii) indebtedness in the amount of approximately $65,000 owed to the estate of a former PCV shareholder; and (iv) closing costs, including the cost of the tank removal. The proceeds remaining after these payments will be paid first, to CCA, for approximately $16,000 that it will have advanced for the maintenance of the Property and then, to the PCV shareholders on a pro-rata basis. After the final distributions are made, PCV will be dissolved.

B. Investment Board—Mr. Christopher Browne

Mr. Browne reported that for the first eight months of the Fiscal Year through February 28, 2001, the Associated Investment Fund (AIF) shows a return of +5 percent versus the composite index with a loss of 7 percent. For the full year as of February 28, 2001, the AIF shows a positive 9.3 percent versus a negative 6.4 percent for the AIF composite index. Primarily, the gains were made in the University’s global equity portfolio which comes to 53 percent of the endowment, with a combined return domestic and international equity of 6.6 percent versus a negative 15.8 percent for the benchmark.

IV. Appointments to Overseer and Other Boards

Action………1. A Resolution on Appointment of Stephen G. Smith to the Athletics Advisory Board was approved as follows:

RESOLVED, that Stephen G. Smith be appointed to the Athletics Advisory Board, effective March 22, 2001.

Stephen G. Smith, C’71, was appointed Editor of U.S. News and World Report in June 1998. U.S. News is the third-ranking newsmagazine in the U.S. (behind Time and Newsweek) and is best known for its annual rankings of colleges, hospitals, and mutual funds. Prior to joining U.S. News and World Report, Mr. Smith worked for several publications. He was the Founding Editor of Civilization, which received a 1996 National Magazine Award for General Excellence after its first year of publication. Mr. Smith also formerly served as a Washington News Editor for Knight-Ridder newspapers, Executive Editor of Newsweek, and a National Editor of Time Magazine. He also was an Editor and Reporter at The Boston Globe and The Philadelphia Inquirer.
Resolution on Appointments of Diane Dalto, Scott “Keith” Duncan and Christopher M. Goodrich to the Advisory Board of the Annenberg Center for the Performing Arts was approved as follows:

RESOLVED, that Diane Dalto, Scott “Keith” Duncan and Christopher M. Goodrich be appointed to the Advisory Board of the Annenberg Center for the Performing Arts for three-year terms, effective March 22, 2001.

Diane Dalto served as Philadelphia’s First Deputy City Representative for Arts and Cultural Affairs from 1992-2000. Ms. Dalto also serves as President of both the Marian Anderson Award Board and the Philadelphia Festival of the Arts Board. She is a member of the Pew Fellowships Regional Council and is one of thirteen mid-career leaders selected as a Philadelphia Eisenhower Fellow. Ms. Dalto currently is involved in the establishment of a Calder Museum on the Benjamin Franklin Parkway. She formerly served as an ex officio member of the boards of the Philadelphia Orchestra and the Opera Company of Philadelphia.

Scott “Keith” Duncan, GR’92, is President and Chief Executive Officer of DCANet, a premier Internet Service Provider, based in Wilmington, DE, with offices in Philadelphia. Dr. Duncan launched the company in 1994. DCANet was voted the “Best of Philadelphia 1999” by Philadelphia Magazine and was a winner of Delaware Online’s Award for 1999 for companies to watch. Dr. Duncan has been active in Opera Delaware, Delaware Theatre, The State of Delaware Division of the Arts and The Brandywiners. He serves on the Board of Directors of the New Castle County Chamber of Commerce. Dr. Duncan has a doctorate in conflict analysis and peace science.

Christopher M. Goodrich is the Principal of Goodrich Advertising in Point Pleasant, PA, which he launched in 1993. Prior to founding this company, he was Senior Vice President at Earle Palmer Brown for six years. Mr. Goodrich worked for Ogilvy & Mather Australia and USA for fifteen years. He served on the Marketing Committee for the Adelaide Festival of the Arts and was head of advertising for the South Australian Opera Company. In the United States, Mr. Goodrich worked on marketing and direct mail programs for the Houston Grand Opera and was a member of the board for The Center for Contemporary Opera in New York. In Philadelphia, he has served on the boards of The International Visitors Council, the Pennsylvania Ballet, The Rock School of Ballet, Global Interdependence Center, Junior Achievement and International House. As a consultant and volunteer, Mr. Goodrich has worked on projects with Manna, Pearl S. Buck International, the Philadelphia Boys Choir, and the Philadelphia Youth Orchestra.
Resolution on Appointment of Roger A. Shiffman to the Board of Overseers of the School of Engineering and Applied Science was approved as follows:

RESOLVED, that Roger A. Shiffman be appointed to the Board of Overseers of the School of Engineering and Applied Science, effective March 22, 2001.

Roger A. Shiffman, PAR’02, is the Chief Executive Officer and Co-Founder of Tiger Electronics, Ltd., a toy manufacturing company based in Vernon Hills, IL. In 2000, Mr. Shiffman became Director of Dreams, Inc. (producer of sports and celebrity memorabilia) and Director of Need to Win, Inc. (an online marketing company). He is a partner in DI Partnership, Inc. (an investment group that has a financial stake in Dreams, Inc.) and a member of the International Board of Directors, Children’s Starlight Foundation. Mr. Shiffman is also a member of the Advisory Board of Hollywood Partners.com, Inc. (marketing and promotions company that designs client solutions that use the Internet). Mr. Shiffman has been President & Donor of the Shiffman Family Foundation since 1995. At Penn, Mr. Shiffman has been Vice Chair of the Parents Fund and a member of the Parents Executive Committee since 1999. He received a B.S. in Marketing from the University of Illinois.

There being no further business before the board, the meeting was adjourned at 2:57 p.m.

Respectfully submitted,

Leslie Laird Kruhly
Secretary of the University