Minutes of the Stated Meeting of the
Trustees of the University of Pennsylvania
June 15, 2001

A meeting of the Trustees of the University of Pennsylvania was convened on Friday, June 15, 2001, at 11:15 a.m., in the Woodlands CD Ballroom, Inn at Penn, 3600 Sansom Street.


I. Call to Order—Mr. James Riepe

A. Invocation—Rev. William Christian Gipson

B. The minutes of the February 16, 2001, Stated Meeting were approved as previously distributed.

II. Chair’s Report—Mr. James Riepe

A. Comments

Mr. Riepe expressed sadness at the passing of Emeritus Trustees Gustave Amsterdam and Wesley Stanger and presented two memorial resolutions in their honor. He noted that the absolutely extraordinary contributions of these two Pennsylvanians (each for over seven decades) should serve as a model for all Penn volunteers.
Mr. Riepe presented the following resolutions for approval by the Trustees.

Action........1. A Memorial Resolution for Gustave G. Amsterdam, Esq. was approved as follows:

August 25, 1908 - February 12, 2001

A native of Philadelphia, Gustave G. Amsterdam (C’30, L’33) devoted much of his energetic 92 years to making it a better place, earning along the way the respect and affection of all who knew him.

After graduating from Central High School, he enrolled at Penn, where he played on the tennis team and became a member of Tau Epsilon Phi. His studies abroad took place at the University of Berlin’s Institute for Outlanders, where he became fluent in German, although, some claimed, with a Chinese accent. Always a hard worker, he had many part-time jobs to help finance his education, including driving a cab for a company of which he later became director. Graduating Phi Beta Kappa from Penn, he said that his philosophy of life was very much shaped by the things he learned as a student.

After taking top honors at the Law School, where he was on the Law Review, he became the European vice president of Warner Brothers Enterprises in Berlin. Returning to Philadelphia to practice law, he was encouraged to enter government service as counsel, and later as chief counsel for the Third Reserve District of Reconstruction Finance Corporation. In 1942, his career was interrupted by wartime service in the Air Force, where he attained the rank of major, and spent two of his four years of duty in Europe. There, while assigned to an intelligence mission, he was suspected of being a spy, but was saved by a fellow officer who remembered him from their days at Penn.

Rising to the position of Chairman and CEO of Bankers Securities Corporation, he also held leadership roles at City Stores, Loft Candy Corporation, Pennsylvania Banking and Trust Co., and the Philadelphia Redevelopment Authority, where he was a key figure in the rebuilding of deteriorating areas in Center City. As a champion of civic causes, he served simultaneously on the boards of thirty-one public and private corporations and agencies. Notable roles included Director of the Chamber of Commerce of Greater Philadelphia and the Philadelphia Orchestra Association, leader of the United Fund Torch Drive, Vice-Chairman of the Board of Thomas Jefferson University, and Chairman of the Board of Diagnostic Rehabilitation Center-Philadelphia. The preservation of the Reading Terminal Market was among the many battles he successfully undertook on behalf of his fellow Philadelphians. A beloved member of the community, he was honored by the Greater Philadelphia Chamber of Commerce with its William Penn Award, and by the National Conference of Christians and Jews with its National Human Relations Award.
Throughout it all, cheered on by his alumna wife and alumnus son, he occupied a special place in the Penn community. As a member of the University Museum of Archaeology and Anthropology’s Board of Managers (and its successor Board of Overseers) he participated actively and attended meetings regularly until the end. He was also an Emeritus Overseer of the Graduate School of Fine Arts. As a Penn Trustee, he served diligently for more than two decades and worked on as Emeritus. In 1991, Penn gratefully bestowed on him its Alumni Award of Merit. He will long be remembered as a very tall, very friendly, and very welcoming presence, interested in everyone he encountered.

RESOLVED, that the Trustees of the University of Pennsylvania convey their sorrow at the death of their colleague and long-time friend, Gus Amsterdam, and in recording this official minute on behalf of the University community past, present, and future, share their deep appreciation and affection with the family of one of Penn’s most esteemed and beloved alumni.

Action………..2. A Memorial Resolution for Wesley A. Stanger, Jr. was approved as follows:

April 25, 1909 - May 23, 2001

Throughout his long life, Wesley A. Stanger, Jr. (W’29), put an abundance of energy and optimism to very good use. His strategic thinking, drive, and follow-through brought him distinction on the tennis court, on Wall Street, and on campus.

A scholar-athlete in the best Penn tradition, he was captain of the varsity tennis team in his senior year, student manager of the squash team, and a member of the Varsity Club. His accomplishments as Managing Editor of The Pennsylvanian earned him a place in the Alpha Beta Chi honorary journalistic fraternity. In addition, he was Secretary-Treasurer of the Interfraternity Council and a member of the Franklin Society (the managing organization of all student publications), the Travel Association, Kite and Key, and the Phi Gamma Delta Fraternity. Elected to the Sphinx Senior Honor Society, he held the post of Secretary.

Soon after graduating from the Wharton School, he joined the New York stock brokerage firm of Dillon, Read. He later co-founded Riter and Co., where he rose to the rank of Senior Partner. A leader in his profession, he was Executive Director of MacKay-Shields Financial Corporation, Director and then Emeritus Director of Talley Industries, and a founder and Director of A.S.A., Ltd. He served in the U.S. Naval Reserve during WW II.

Despite the demands of his career, he remained loyal to his alma mater, helping to found Penn’s Alumni Club of Metropolitan New Jersey and becoming one of its most enthusiastic members. In fond appreciation, the Club recently named its
annual event in his honor. As part of the celebration, members hailed him as their own Ben Franklin and presented him with a statue of Penn’s founder, now permanently on display at the Sweeten House. A Charter Fellow of The Benjamin Franklin Association, he provided further leadership as General Chairman for Alumni Annual Giving, where he helped set new records of philanthropy in the New York City area.

The Athletic Department knew him as an ardent supporter of its tennis program, generously doing his utmost to ensure competitiveness in the Ivies and a quality experience for student athletes. As past Chairman of the Investment Board, he was among the University’s most valued financial advisers. A Penn Trustee since 1970, he served on the Executive, Development, Budget and Finance and External Affairs Committees. For his all-around devotion, the General Alumni Society bestowed on him its highest honor, the Alumni Award of Merit. Today we pay tribute to him for his pride in Penn, his faith that there was nothing Penn people could not achieve, and for all that he did to help us fulfill his highest expectations.

**RESOLVED,** that the Trustees of the University of Pennsylvania convey their sorrow at the death of their colleague and long-time friend, Wes Stanger, and in recording this official minute on behalf of the University community, share their deep appreciation and affection with the family of one of Penn’s most esteemed and beloved alumni.

*Action….*

3. A Resolution of Appreciation for Henry M. Chance II was approved as follows:

Henry M. Chance, II (CE’34, HON’83), combines a talent for precision with an adventurous and poetic spirit. A retired Chairman of United Engineers and Constructors, where his father had been President, he is also heir to the family passion for sailing, often at sea. In an early published essay, *To the Pacific in Antares,* he recounted one such experience with literary flair.

Penn is another passion he shares with his close-knit family. Alumni include his father, who preceded him as a Penn Trustee, and in whose memory he and his brother created the Edwin M. Chance Professorship; his brother, who is an emeritus professor of the Medical School; five sons; a granddaughter; and several nieces and nephews. It is clear that taking Chances has been good for Penn.

His own allegiance to the University began as an undergraduate, when he energetically engaged in lightweight football, lightweight rowing, and lacrosse, and joined the Varsity Club, the Delta Psi Fraternity, and the Compass and Chain Society. Later, as a dedicated alumnus, he pursued his interest in cultural history, including the early Middle East and the Pre-Columbian New World, as an Overseer of the University Museum of Archaeology and Anthropology, where he is now emeritus. A former Trustee of the Moore School of Electrical
Engineering, he was elected to that School’s Gallery of Distinguished Engineering Alumni in recognition of outstanding service to his profession and his alma mater. He was also a member of the University’s Investment Board. A Penn Trustee since 1964, he was named emeritus in 1982, and has served on the Budget and Finance Committee. In 1983, Penn gratefully presented him with its Alumni Award of Merit and an Honorary Degree, a Doctor of Laws.

A civic and educational leader, he is a former President and Life Director of the Haverford School, an emeritus member of the Board of Managers of the Franklin Institute, and a former Director of the Pennsylvania School for the Deaf. Widely recognized in his field, he is a recipient of the Department of Defense Research Award, and was named Engineer of the Year for the Delaware Valley.

RESOLVED, that the Trustees of the University of Pennsylvania, on behalf of themselves, the administration, faculty, students, and alumni of the University, fondly convey their gratitude to Henry Chance, who, whether piloting his own plane, or charting a course on land or sea, sails through life with grace, verve, and a true sense of adventure.

Mr. Riepe then noted that the moment was a unique one for the University. Gustave Amsterdam, Wesley Stanger, and Henry Chance are role model alumni who give some sense of the dedication and commitment that the people in this university make of their time, their money, their energy and, in many cases, their family life. The University could not have three more notable examples of that today, and they humble and, hopefully, inspire everyone in the University community.

_ACTION_………..4. A Resolution on Conflict of Interest Policy Guidelines: Investment Decisions was approved as follows:

**Intention:**

From time to time the University becomes aware of investment opportunities that involve investment funds or other vehicles in which one or more Trustees have either a significant financial interest, as an investor or general partner (or the equivalent); have a significant role in management; hold a significant position with the sponsor; or all of the above (collectively, “an interest”). Generally, the University seeks to avoid, wherever possible, even the appearance of a conflict of interest. In particular, the University is mindful of the appearance of conflicts of interest, and potential conflicts of interest, that may arise in situations where the University is considering investing in an investment vehicle in which one or more Trustees have an interest. At the same time, the University recognizes that there may be cases where the appearance of a conflict alone should not provide the basis for forgoing the investment opportunity. Accordingly, the University wishes to increase Trustee awareness of this potential conflict issue, without absolutely precluding investments that the Investment Office concludes would
serve the interests of the University. The purpose of this guideline is to articulate the principles pursuant to which the University will decide whether or not to invest in such investment vehicle[s].

Under the Statutes of the University of Pennsylvania, the Investment Board is charged with fiduciary responsibility for managing and investing the endowment of the University. In order to ensure that all investment decisions are made without any suggestion that the Investment Board or any of its members has a conflict of interest or any appearance of a conflict of interest, the second and third portions of this resolution shall apply with respect to the Investment Board and its members.

RESOLVED, The University will not invest in any investment fund or vehicle in which a Trustee has an interest unless, in the opinion of the Trustees’ Compensation Committee, all of the following conditions are met:

1. The investment opportunity was initially brought to the attention of the Investment Board, any of its members, or the Investment Office by someone other than the Trustee or Trustees having the financial or other interest.

2. The University is persuaded that the investment decision: (1) is in the best interest of the University; (2) is available on terms which represent or exceed fair market value; (3) involves an investment that is sufficiently compelling to offset any appearance of a potential conflict of interest; and (4) has not been influenced by the affected Trustee or Trustees having the interest.

3. No communications by the University with those representing the investment fund or other vehicle include the Trustee or Trustees having the interest, but rather are between the University and other representatives of the investment vehicle or fund.

4. Any Trustee or Trustees having the interest formally recuses himself or herself from the vote of the Trustees or any committee on the matter and otherwise plays no role in the University’s decision-making process.

FURTHER RESOLVED, The Investment Board shall not consider or invest in any investment opportunity that involves a fund or other investment vehicle in which one or more Investment Board Members have either a significant financial interest, as an investor or general partner (or the equivalent); have a significant role in management, hold a significant position with the sponsor, or all of the above (collectively, “an interest”).

FURTHER RESOLVED, The Investment Board shall not retain any Investment Board member to serve as an investment manager, nor shall it retain any firm or other entity in which an Investment Board member has an interest to serve as an investment manager or to serve in any related capacity.
Mr. Riepe prefaced the following resolution by noting the trustee retreat in November 2000, at which the issues of trustee duties & expectations, and selection criteria, were discussed. These written guidelines will hopefully assist the Nominating Committee in their deliberations.

Action………..5. A Resolution on Trustee Duties and Expectations was approved as follows:

Intention:

At a retreat of the Trustees in November 2000, a discussion occurred regarding reasonable and appropriate trustee responsibilities. As a result of that discussion, a set of duties and expectations were articulated, to emphasize and clarify the roles of the Trustees of the University of Pennsylvania. Trustee selection criteria were established as well, which will be used by the Nominating Committee for future decisions regarding trustee appointments and reappointments.

RESOLVED, that the Trustees reaffirm the following responsibilities and expectations for all current and future trustee members:

**Duties**

- To understand and to discharge in good faith all of the Trustees' official responsibilities as specified in the *Statutes of the University of Pennsylvania*.

- To generally support the mission of the University in achieving its teaching, research and service goals.

- To select, encourage, advise, evaluate and, if need be, replace the President.

- To review, adopt, and monitor long-term strategic directions for the University, approve financial and other specific objectives, and evaluate progress in achieving those objectives.

- To monitor the performance of the University administration relative to the mission, strategic direction and objectives.

- To ensure, to the extent possible, that the necessary resources, including financial and human resources, will be available to pursue the strategies and achieve the objectives.
To be responsible for the integrity of the financial and physical resources of the University.

To ensure that the organization operates responsibly as well as effectively.

**Expectations**

- To attend and actively participate in the 3 full board meetings per year, for a minimum of 2 days involvement per meeting.

- To actively serve as a member of at least one standing committee, attending a majority of said committee’s meetings.

- To be subject to peer review and/or a self-assessment process, as a member or chairperson of Trustees’ standing committees.

- To serve as a member of a School or Center Board of Overseers, as possible.

- To nominate suitable candidates for election to the board, and establish and carry out an effective system of governance at the board level, including evaluation of board performance.

- To act in accordance with the Board's Conflict of Interest Policy.

- To abide in good faith to conduct becoming a Trustee, as detailed in the Statutes of the Trustees of the University of Pennsylvania, and other Governance documents approved now and in the future by the Trustees. This includes (but is not limited to) holding all confidential materials and discussions in trust and confidence.

- To support the institution through personal giving and/or fundraising at a level that demonstrates that Penn is one of his/her highest philanthropic interests.

- To attend the New Trustee Orientation program in the first year of Trustee service.

- To attend trustee retreats as scheduled, typically once every three years.

- To assume full responsibility for all personal and travel expenses associated with attendance at Trustees' full board and committee meetings.
Action……….6. A Resolution on Election of the Executive Committee was approved as follows:

Intention:

Article 5 of the Statutes provides that members of the Executive Committee shall be nominated by the Chairman and elected annually by a majority of the Trustees then in office. This resolution is offered pursuant to this provision. As explained by the Chairman, however, at the retreat of the Trustees last November, certain suggestions were made to revise the structure and composition of the Executive Committee. These suggestions are now being reviewed and may be submitted to the Trustees for implementation prior to the expiration of the terms provided for in this resolution. Should such a proposal be adopted, the Executive Committee appointments set forth in this resolution may be changed.

RESOLVED, that the following Trustees be elected members of the Executive Committee for one-year terms effective July 1, 2001: Judith R. Berkowitz, Christopher H. Browne, Gilbert F. Casellas, L. John Clark, Susan W. Catherwood, Paul K. Kelly, Natalie I. Koether, William L. Mack, James S. Riepe (chair), Leonard A. Shapiro, Alvin V. Shoemaker, Saul P. Steinberg, Michael L. Tarnopol, and George A. Weiss.

FURTHER RESOLVED, that Andrea Mitchell be elected a member of the Executive Committee for a six-month term, effective July 1, 2001.

Action……….7. A Resolution on Appointment of the Investment Board was approved as follows:

RESOLVED, that the following persons be elected as members of the Investment Board of the Trustees of the University of Pennsylvania for a term of one year, effective July 1, 2001 and until their successors are elected or appointed and qualified: Christopher H. Browne, Howard S. Marks (chair), Edward Mathias, Paul F. Miller, Jr., David M. Silfen, and Mark Winkelman.

B. Vice Chairman’s Report—Mr. Michael Tarnopol

Mr. Tarnopol presented the following resolution for approval by the Trustees.

Action……….1. A Resolution on Reelection of James S. Riepe as Chair of the Board of Trustees was approved as follows:

RESOLVED, that James S. Riepe be reelected Chair of the Board of Trustees of the University of Pennsylvania, effective July 1, 2001, for the term ending June 30, 2002.
C. Nominating Committee—Mr. James Riepe

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

**Action**………..1. A Resolution on Reappointment of Gilbert F. Casellas, Esq. as a Term Trustee was approved as follows:

**RESOLVED,** that Gilbert F. Casellas, Esq. be reappointed as a Term Trustee, effective June 15, 2001.

Gilbert F. Casellas, Esq. (L’77) is the President and Chief Executive Officer of Q-Linx, Inc. Mr. Casellas is the former President and Chief Operating Officer of the Swarthmore Group, an investment and financial advisory firm. Prior to joining the Swarthmore Group in January 1999, he served as the partner in charge of the Washington, D.C. office of McConnell Valdés LLP. He joined the firm in January 1998 after serving as chairman of the U.S. Equal Employment Opportunity Commission from 1994-1997. He served as General Counsel for the U.S. Department of the Air Force between 1993 and 1994, and as a partner with the Philadelphia law firm of Montgomery, McCracken, Walker & Rhoads between 1985 and 1993. Mr. Casellas received a B.A. from Yale University in 1974. After receiving his law degree from Penn in 1977, Mr. Casellas served as a law clerk for the Honorable A. Leon Higginbotham, Jr., of the U.S. Court of Appeals for the Third Circuit (1978-80).

At Penn, Mr. Casellas has been a member of the James Brister Society since 1995, and he served previously as president of the Law Alumni Society from 1989-91 and as a lecturer at the Law School from 1985-89 and from 1992-93. He serves as the chair of the School of Social Work Board of Overseers and the Trustees' Neighborhood Initiatives Committee. Mr. Casellas is a also a member of the Trustees' Executive, Academic Policy, and Budget and Finance Committees.

**Action**………..2. A Resolution on Reappointment of Egbert L.J. Perry as a Term Trustee was approved as follows:

**RESOLVED,** that Egbert L.J. Perry be reappointed as a term trustee, effective October 1, 2001.

Mr. Perry (CE’76, WG’78, GCE’79) is the president and owner of The Integral Group, L.L.C., an Atlanta-based urban real estate development and program management firm which focuses on the economic revitalization of urban communities. An active member of the Atlanta community, Mr. Perry serves, or has served, on numerous boards of directors including the Atlanta Chamber of Commerce, the Georgia Institute of Technology, and 100 Black Men of America.
After attending Penn, Mr. Perry began his career in Atlanta at H.J. Russell & Co. During his 13 years at Russell, he headed each of the company's primary business units—Real Estate Development, Construction Management, and Property Management—and became the company's president in 1988. In 1993, Mr. Perry left Russell to form The Integral Group, L.L.C.

In 1990, Mr. Perry was inducted into the School of Engineering & Applied Science Gallery of Distinguished Alumni. Since 1992, Mr. Perry has been a member of the Council of Recent Graduates and, since 1995, a member of the James Brister Society. He served on the Trustees' Internationalization Committee until its charge was folded into that of the Academic Policy Committee in September 1997. Mr. Perry currently serves on the Board of Overseers of the School of Engineering and Applied Science and on the Trustees' Facilities and Campus Planning and Neighborhood Initiatives Committees, and as Chair of the Advisory Committee on Diversity.

Action………..3. A Resolution on Election of Thomas Ehrlich, Esq. as a Term Trustee was approved as follows:

RESOLVED, that Thomas Ehrlich, Esq. be elected a Term Trustee, effective June 15, 2001.

Thomas Ehrlich is the Distinguished University Scholar at California State University and a Visiting Professor at Stanford University Law School. He also serves as a Senior Scholar at the Carnegie Foundation for the Advancement of Teaching. He served as Provost at Penn from 1981 to 1987, then became the fifteenth President of Indiana University in Bloomington, Indiana, where he served from 1987 to 1994.

Mr. Ehrlich received his undergraduate and law degrees from Harvard University (in 1956 and 1959, respectively). Mr. Ehrlich also holds honorary degrees from Villanova University, University of Notre Dame and Indiana University. After completing law school at Harvard, he served as law clerk to Judge Learned Hand of the U.S. Court of Appeals for the Second Circuit, and practiced law in Wisconsin. Mr. Ehrlich joined the Stanford University faculty in 1965. He was vice chair of the Faculty Senate in 1969-70. He became Dean of the Law School in 1971, and served in that position until 1975.

In addition to his expertise in international law, Mr. Ehrlich is an authority on legal education. He implemented changes in the Stanford law school curriculum that allowed students to work off campus or to conduct intensive research. His latest books are on higher education "ideals and realities" and on the use of force in international law.
Mr. Ehrlich has held several high-level federal appointments. From 1976 to 1979, he served under U.S. Presidents Gerald Ford and Jimmy Carter as the first President of the Legal Services Corporation, a Washington-based nonprofit agency which provides legal help to low-income Americans. In 1979, President Carter appointed him as the first head of the International Development Cooperation Agency. That agency, which reports directly to the President of the United States, oversees the work of the Agency for International Development, the Overseas Private Investment Corporation, and the United States' contributions to the World Bank. In 1998, President Bill Clinton named Mr. Ehrlich to the Board of Directors of the Corporation for National and Community Service.

Mr. Ehrlich is the author of numerous books and articles on international law and education. His most recent volumes are *Civic Responsibility and Higher Education* and *Philanthropy and the Nonprofit Sector in a Changing America*. He is a frequent essayist for the *Chronicle of Higher Education*.

III. President’s Report—Dr. Judith Rodin

A. Comments

Dr. Rodin reported on the discovery of a gargantuan new genus of dinosaur by a Penn research team. This animal is estimated to be one of the most massive that ever walked the Earth, weighing an estimated 60-70 tons. Based on the type of rock in which the bones were found, the researchers deduced that the dinosaur was standing on the edge of a tidal channel in shallow water when it perished over 94 million years ago.

Dr. Rodin then reported that Penn recently received the largest single gift to establish a chair in the University’s history. The Saul A. Fox Distinguished Professorship of Business and Law and the associated Fox Endowed Research Fund were created through a $4 million gift from the Winding Way Foundation of the Jewish Community Federation Endowment Fund in honor of Saul A. Fox, a 1978 graduate of the law school and a current member of the Law School Board of Overseers. The purpose of the gift is to enrich the academic resources of the law school. The Saul A. Fox Distinguished Professor will hold a primary appointment to the faculty of the law school and a secondary appointment to the faculty of the Wharton School, reaffirming the University’s emphasis on interdisciplinary studies. Dr. Rodin commended the Winding Way Foundation for its recognition of Saul Fox’s dedication to Penn.

Dr. Rodin concluded her report by noting that the opening of the Penn-assisted Pre K-8 public school is progressing. Sheila Sydnor, a veteran School District of Philadelphia teacher and administrator, has been selected to be school principal. Ms. Sydnor was chosen from a national pool of 60 candidates by a selection committee comprising of parents from the community, representatives from the University, and representatives from the School District of Philadelphia. Ms. Sydnor’s 25 years of
experience as an educator include her tenure, since 1992, as principal of the M. Hall Stanton Elementary School in Philadelphia. She will oversee the opening of the school for kindergarten and first grade students in September 2001.

Dr. Rodin then presented two resolutions for approval by the Trustees.

Action………..1. A Resolution of Appreciation for Stephen D. Schutt, Esq. was approved as follows:

As Vice President and Chief of Staff since 1995, Stephen D. Schutt has played a decisive part both in the University of Pennsylvania’s relentless drive toward excellence and in University City’s rebirth as a vibrant neighborhood. He has won kudos for his leadership in writing and coordinating the Agenda for Excellence, which has positively galvanized Penn’s academic culture and mission. He has earned plaudits for helping successfully to execute the West Philadelphia initiative. He is justly valued for the sound quality of his advice and judgment, both in strategic planning and crisis management. He is admired for his multitasking wizardry in supervising a vast network of critical University-wide operations. And he is respected for inspiring everyone he supervises to higher levels of achievement.

On the basis of measurable outcomes alone, Mr. Schutt’s performance must be graded a dramatic success. First, by shepherding the Agenda for Excellence, he helped convert a strategic blueprint into an action plan around which the University community rallied. Research dollars and student applications flowed in at record levels. Rankings soared. And the quality of life indicators in University City all began moving in the right direction. Second, his stewardship of University Relations, News, and Public Affairs generated more national visibility and recognition of Penn as one of the nation’s premier research universities.

But the true measures of Mr. Schutt’s impact on Penn have been the personal qualities and virtues he has brought to bear on his work. He has combined cool-headed analysis with an innate sense of decency and integrity to achieve ends that reflect noble means. He has found a way to apply his patience, persistence, and his Quaker values of genuine respect for all individuals to every task and challenge at hand.

He demonstrated all of these qualities most notably in leading the day-to-day efforts to negotiate and implement the path-breaking agreement to launch the Penn-assisted preK-8 neighborhood public school. Where daunting obstacles and forces might have prompted less intrepid souls to counsel retreat or surrender, Mr. Schutt never wavered in pressing ahead. Bringing historic adversaries like the Philadelphia School District and the Philadelphia Federation of Teachers together in common cause stands a crowning achievement of vision and diplomacy in service of future generations of children.
The word most used by colleagues and friends to describe Mr. Schutt is compassionate. Compassion for children, compassion for colleagues and staff, and compassion for Penn has imbued his work.

RESOLVED, that the Trustees of the University of Pennsylvania, on behalf of themselves, the overseers, administration, faculty, students, and alumni of the University, convey their gratitude to Stephen D. Schutt for his magnificent, selfless, and compassionate leadership and support to make Penn as great University that stands for the same integrity, decency, and compassion he brought to work every day.

Action……….2. A Resolution of Appreciation for Thomas M. Seamon was approved as follows:

Mr. Thomas M. Seamon joined the University of Pennsylvania in September, 1995 as Managing Director of the Division of Public Safety, and was subsequently promoted to Vice President for Public Safety. Prior to his appointment, he served the Philadelphia Police Department for over 26 years, culminating in his appointment as Deputy Commissioner for three years, and acting Commissioner for one.

During his tenure, the Division grew significantly as a result of his expertise in police work, his vision, and the superior leadership he demonstrated. In 1996, in an effort to create a safer, more secure campus environment, Mr. Seamon developed the Public Safety Strategic Plan. The plan included four primary goals that would improve public safety at Penn, and fall under the general areas of Police, Security, Government, and Community. Under his leadership, the Division of Public Safety:

- Improved the professional standards and performance of the University Police, which resulted in accreditation by the Commission on Accreditation for Law Enforcement Agencies, Inc. last month;
- Developed an overall integrated delivery system for safety and security that better utilized existing resources and ensured the provision of high quality security services on and off campus;
- Improved the quality of life on and off campus through partnerships with government and not-for-profit organizations to address the issues concerning vendors, panhandlers, the homeless, street cleanliness, traffic flow and public lighting;
- Was instrumental in the creation of the University City District;
- Increased awareness within the Penn community about personal security through educational programs and University-wide discussions; and

- Significantly reduced the incidence of crime on and off campus.

Mr. Seamon is recognized not only for his leadership and expertise in raising the standards of the Division of Public Safety, but also for his ability to retain and recruit a highly talented and motivated team of professional law enforcement personnel.

RESOLVED, that the Trustees of the University of Pennsylvania, on behalf of themselves, the administration, faculty, students and alumni of the University, convey their gratitude to Mr. Thomas M. Seamon for his immense contribution to creating a safe and secure University environment.

B. Academic Report—Dr. Robert Barchi

Dr. Barchi reported that the strengthening of the Political Science Department continues to be a University priority. The department recently made several important faculty appointments. Roger Smith, a leading scholar of American political institutions whose latest book was a finalist for the Pulitzer Prize, will become the Christopher H. Browne Distinguished Professor of Political Science. In addition, two major figures in international relations are joining the department—Joanne Gowa from Princeton, who will become the Annenberg Professor of Social Sciences, and Ed Mansfield from Ohio State, who will be the Hum Rosen Professor of Political Science. Drs. Gowa and Mansfield will serve as co-directors of the Browne Center for International Politics. Edward Carmines from Indiana University, a specialist in political communications, has accepted the Annenberg Chair in Political Science and will be coming to Penn in July 2002. Dr. Carmines will also direct a research institute on political behavior within the Annenberg Public Policy Institute. There are also two junior appointments within the department: Jennifer Amyx, whose field is comparative politics and has a specialization in Japanese political economy, and Julia Lynch, also in comparative politics with a specialization in Western European economy. These appointments will contribute significantly to the progress being made toward improving this critical department.

Dr. Barchi then reported that the Whitaker Foundation has announced a $14 million leadership development award to Penn's Department of Bioengineering, a leader in bioengineering education ever since granting the nation’s first Ph.D. in the discipline 40 years ago. This multi-year grant is the 5th largest ever given by the Whitaker Foundation and only its second leadership development award. The funds are earmarked for further development of four of the department’s existing research and teaching strands—orthopedic bioengineering, cardiovascular bioengineering, injury bioengineering, and neuroengineering—and the construction of a new building with
modern research and educational facilities; they also will allow the department, currently with 14 faculty members, to grow by nearly 50 percent.

Dr. Barchi noted that the Wharton School has launched Wharton West, located in San Francisco, which will offer a base for the school’s executive education programs and provide office space for faculty members who are conducting research projects on the West coast. Wharton West was developed in direct response to market forces and will allow Penn to expand its leadership in business education and service into this major market. As Wharton increases its course offerings in Northern California, Philadelphia-based MBA students will also have the opportunity to spend one of their semesters there or to complete their degree requirements while relocating to the Bay area.

Dr. Barchi then provided an update on the College Houses. Among the most significant developments is the full integration of the advising services within the College Houses with that of the College of Arts and Sciences in the School of Arts and Sciences (SAS). College House deans are now included in the group of SAS faculty and staff who are trained to provide primary advising to freshman in the College. Because the College is the largest of the undergraduate schools and provides the majority of advising for first-year students, this integration should ensure better coordination of our undergraduate advising, particularly during the freshman year. Dr. Barchi also reported that we are initiating the third of four years of summertime renovations on the Quad, which will provide the Quad with a modern infrastructure and the facilities needed to support the new College House System.

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

\[\text{Action} \ldots \ldots 1. \text{ A Resolution on Appointments, Leaves and Promotions, as presented on pages 16-40 of the meeting book, was approved.}\]

C. Financial Report—Mr. John Fry

Mr. Fry gave the financial report for the period of July 1, 2000, to April 30, 2001, for the University and Health Services Component. During the first 10 months of Fiscal Year (FY) 2001, the University, excluding the Health Services Component, increased its net assets by $201.4 million to a total of almost $4.6 billion. Most of this increase is the result of non-operating contributions to the endowment and various capital projects, totalling $146 million, and realized and unrealized gains on investments of $46 million. In addition, the University reported an increase in net assets from its operating activities to $17 million through April 2001. Plant assets, net of depreciation, increased $106 million since June 30, 2000. This increase is primarily the result of capital costs incurred from Huntsman Hall, Hamilton Square, the Quad, Civic Center, Johnson Pavilion, Perelman Quad and the Museum. The fair cost of the University’s endowment, excluding the component, was $2.776 billion at April 30 and has increased approximately $91 million from a year ago. For FY 2001, operating revenue increased 8.2 percent over
the comparable period in FY 2000. Overall, tuition and fee revenue net of direct grants increased 5.3 percent, reflecting a tuition rate increase, a slight increase in enrollment, and increases in certain special programs. The University continues to experience increases in revenue derived from contributions and sponsored programs. Sponsored program revenue, including indirect cost recoveries, increased almost 9.7 percent over the same period in FY 2000 to a total of over $405 million. This increase reflects the continuing growth of the University’s experience over the last several years in sponsored-research programs. The University also reported an increase of 3.1 percent in combined operating and non-operating contributions in FY 2000 and FY 2001. Operating expenditures increased 7.2 percent, primarily the result of increased sponsored-program activities and an increase in depreciation, FY 2001 completion of Perelman Quad, and other capital projects. Net cash provided by operating activities totaled $143.5 million for the first 10 months. This compares to $159.3 million during the same period of FY 2000. Most of the difference for the period is accounted for by the change in inner balances. The primary use of cash was for the purchase of property, and plant and equipment expenditures of $190 million, which is $14.5 million below capital investment activity at this point last year.

The Health Services Component of the Health System had an overall increase in net assets of $48.7 million. The gain from operations was $29.1 million for the year, which was favorable to budget by almost $25 million. After accounting for non-operating revenue on support, the Health Services Component had an overall excess of revenue over expenses of $58 million before an unrealized gain on its investments of $5.5 million. To date, operating revenue is favorable to budget by $25.8 million and higher than the comparable period in the prior year by $30.5 million. Here-to-date, operating expenses, including corporate expenses, were favorable to budget by $1.6 million and lower than the comparable period by $11.8 million. Operating cash increased by $1.5 million in the first ten months. The Health Services management continues efforts to preserve overall liquidity by limiting capital expenditures and improving receivables collection. Days in accounts receivable fell to 92, as compared with 100 at June 30, 2001 and down to 90 at the end of May.

D. Health System Report—Dr. Robert Martin

Dr. Martin reported that the Health System has completed its service line planning initiative, for which several notable suggestions have been received, and is in the process (through Fall 2001) of incorporating it into a three-year strategic plan. The planning group intends to spend the summer developing tactics and determining resource requirements, including financial needs, so that it can incorporate these into the overall plan of the University.
E. Admissions Report—Mr. Lee Stetson

Applications hit an all-time high in the undergraduate admissions office this year, rising to 19,153. The overall admit rate for the class was 21 percent, marking an all-time low. The regular-decision admit rate fell to 18 percent. By all standards, this year marked the most selective year Penn has experienced in undergraduate admissions.

The yield on accepted applicants rose to 58.5 percent, three percent more than last year's 55.5 percent, and ten percentage points higher than the yield rate of four years ago. Fifty-five percent of our incoming students will come from public schools, and 45 percent from private and parochial schools.

Penn’s early-decision program continues to attract interest from prospective students around the country. Forty-three percent of this year's incoming class will be filled with early-decision candidates. Penn continues to become the first choice of more and more students each year.

Ten percent of the incoming class will be filled with international students from 65 different countries. Domestically, all fifty states will be represented. California is now the second largest source of applications in our applicant group, though Penn continues to attract a very high number of applications from the Eastern seaboard as well. Philadelphia continues to supply Penn with a strong group of applicants. One hundred thirty five students will enroll from the city this year, forty-one of whom are Mayor's Scholars. Women represent 50 percent of the incoming class, and the engineering school has attracted a significant number of these women, marking a substantial increase in the number of female engineers at Penn. Thirty-seven percent of the class are minority students. Approximately seven percent of the student body is African-American, seven percent is Hispanic and the remainder is from the Asian community. The class rank of the average student at Penn falls into the 98th percentile, and the average SAT of the incoming group is 1412. The office was forced to turn away sixty-five percent of those students who scored over 1400, making the process an extremely selective one.

F. Academic Policy Committee—Ms. Natalie Koether

Ms. Koether reported that the Trustees recently approved a change in the definition of Clinical Faculty in the Associated Faculty for the School of Nursing and Medicine that would permit such faculty to practice in University-owned clinical practices. The dental school requested that the Trustees approve a similar resolution offering them the same privilege. It also asked for approval of a revision of the definition to include full-time Clinical Faculty as well as part-time Clinical Faculty. After a brief discussion, the Academic Policy Committee approved the resolution presented to them.
Ms. Koether then presented the following resolution for approval by the Trustees.

Action……….1. Resolution to Revise the Definition of Clinical Appointments to the Associated Faculty in the School of Dental Medicine was approved as follows:

Intention:

The current definition of Clinical Faculty in the Associated Faculty stipulates that their professional careers be primarily independent of their University affiliation. The two exceptions to this practice are in Nursing and Medicine, which recently proposed changes, subsequently approved by the Trustees, that allow Clinical Faculty in these two schools to practice in University-owned clinical practices.

The School of Dental Medicine wishes to adopt a similar definition. It proposes to extend the currently defined clinical track to include those highly qualified, respected dental practitioners who provide professional services and participate in educational programs on a full-time basis in facilities supervised by the University of Pennsylvania. This provision would change current practice and policy at the School of Dental Medicine from part-time clinicians to full-time clinicians and would do away with the provision that the clinical faculty have careers that are primarily independent of the University. The number of clinical faculty would not exceed 20 percent of the standing faculty, although there would be no limit in any one department. Clinical Faculty appointments would be initiated by the Chair of the Department in which the appointment is made and approved by the school’s Committee of Appointments and Promotions and the Committee of Full Professors.

The Standing Faculty of the School of Dental Medicine, the Dean, the Senate Executive Committee, the Provost, and the President have approved the proposed revision in the definition of the Clinical Faculty rank in the School of Dental Medicine.

RESOLVED, that the definition of clinical appointments in the Associated Faculty be modified to indicate that such faculty may serve on a full- or part-time basis.

BE IT FURTHER RESOLVED that the language concerning clinical appointments in the Associated Faculty that indicates that the professional careers of such faculty may be in University-owned clinical practices include the Clinical Faculty in the School of Dental Medicine.

See attachments A and B.
ATTACHMENT A

Proposed Revision Regarding Clinical Appointments to the Associated Faculty in the School of Dental Medicine

(New inserts are underlined)

II.B.3 Associated Faculty
Clinical Faculty

This group is composed of persons who are members of the faculties of Medicine, Dental Medicine, Nursing, or Veterinary Medicine, who provide professional services and participate in educational programs on a full- or part-time basis. The professional careers of the Clinical Faculty are primarily independent of their University affiliations, with the exceptions noted below. Persons may serve in a full- or part-time status in the Clinical Faculty without limit of time through successive reappointments. The University does not assure continuity of appointments for any person in the Clinical Faculty. Academic ranks in the Clinical Faculty are Clinical Professor, Clinical Associate Professor, and Clinical Assistant Professor; e.g., Clinical Professor of (specialty) in the Faculty of (school). These titles are to be written in full whenever used on documents, in listings of University personnel, and in correspondence.

In the Schools of Nursing, Medicine, and Dental Medicine, the professional careers of the Clinical Faculty may be in University-owned clinical practices.

ATTACHMENT B

UNIVERSITY OF PENNSYLVANIA
SCHOOL OF DENTAL MEDICINE
QUINN COMMITTEE PROPOSAL TO MODIFY DEFINITION OF CLINICAL FACULTY

CLINICAL FACULTY
With the recent development and rapid expansion of the University of Pennsylvania School of Dental Medicine dental care delivery network, it is necessary to extend the currently defined clinical track to include those highly qualified, respected dental practitioners who provide professional services and participate in educational programs on a full-time basis in facilities supervised by the University of Pennsylvania School of Dental Medicine. Clinical track faculty may be either full or part-time employees at the University of Pennsylvania who do not hold a standing faculty position and do not acquire tenure. Their appointments should be initiated by the Chair of the Department in
which the appointment is made and approved by the Committee for Appointments and Promotions and the Committee of Full Professors; the reappointment process will follow the current protocol. Persons may serve as clinical faculty without limit of time through successive three-year re-appointments. The University does not assure continuity of appointments for any person on the clinical faculty and termination of appointment may be considered for reasons including the following: 1) lack of adequate or suitable facilities, 2) inconsistency or change in the clinical priorities of the Department or School, 3) failure to maintain excellence in the quality of clinical practice and/or inadequate productivity. The clinical faculty voting rights in the Faculty Senate, the School’s faculty governance body, are contingent on and subject to the rules currently followed by this body. Appointments to the clinical faculty will not be made to displace or make unnecessary the appointments of individuals in the tenure and clinical educator ranks. The number of FULL-TIME clinical faculty is not to exceed 20% of the standing faculty (tenured, tenure-probationary and clinician educator). Academic ranks in the clinical faculty are Clinical Assistant Professor, Clinical Associate Professor, and Clinical Professor.

**CLINICAL ASSISTANT PROFESSOR**
The initial appointment in the clinical track is at the level of Assistant Professor. These individuals will be involved with clinical practices, as well as teaching of students, residents, and postdoctoral students. They may collaborate with members of the standing faculty in clinical and research endeavors.

**CLINICAL ASSOCIATE PROFESSOR**
After ten years of laudatory services as Clinical Assistant Professor, promotion to Clinical Associate Professor can usually be considered. Successful candidates will have a long-standing commitment to clinical practice and a teaching reputation as an excellent dental educator, demonstrated by participation in clinical teaching, lectures, and/or formal courses, and a local reputation for delivering very high quality clinical care. Exceptional achievements, such as scholarly contributions to the literature, national distinctions, or unusual education or administrative service may justify accelerated promotion to Clinical Associate Professor.

**CLINICAL PROFESSOR**
The position of Clinical Professor is reserved for regionally distinguished clinicians with a continuing and sustained high level of clinical achievement and a reputation for excellence in teaching. National or international recognition for clinical teaching or scholarly contributions will be supporting credentials for this position.

An individual appointed initially as Assistant Professor in the standing faculty may request review for transfer to the Clinical Faculty. Transfers from the tenure track or the clinical educator track to the clinical track could occur at
any time except in the year of promotion review. The exemption to this rule will be for the initial two-year period from the time of proposal approval during which intertrack transfers could occur at any time. Because appointments to the Clinical Faculty are contingent upon practice income, indefinite continuity of an appointment in any rank should not be assumed. After the first year of the appointment, the appointment can be terminated prior to the expiration of its term if the income generated by the clinical faculty member does not support the overall faculty member’s cost to the practice.

1 This statement will necessitate a change in the current Handbook for Faculty and Academic Administrators, which currently states under Clinical Faculty, "This group is composed of persons who are members of the faculties of Medicine, Dental Medicine, Nursing or Veterinary Medicine, who provide professional services and participate in educational programs on a part-time basis. The professional careers of the clinical faculty are primarily independent of their University affiliations." This will need to be amended to read: "This group is composed of persons who are members of the faculties of Medicine, Dental Medicine, Nursing or Veterinary Medicine who provide professional services and participate in educational programs on a full or part-time basis. Members in the clinical track of the associated faculty in the School of Dental Medicine may be involved in the delivery of dental services at the School of Dental Medicine, the faculty practice, or at any of its satellite locations."

2 Outlined in “Guidelines for Faculty Appointments, Reappointments and Promotions,” approved on 3/1/94.

3 The Standing Faculty of the School of Dental Medicine is currently around 70 members; thus a 20% ceiling would permit hiring of about 14 FULL-TIME clinical track faculty. This is the same as the ceiling on research track faculty (Handbook for Faculty and Administrators).

G. Audit and Compliance Committee—Mr. Paul Kelly

Mr. Kelly reported that since the Audit and Compliance meeting in May was dedicated solely to the review of the financial operating results from the first nine months of the current fiscal year and since the next committee meeting this fall will be centered on the traditional review of the audited financial results of FY 2001, yesterday’s meeting was focused on compliance and control-systems matters. Key matters discussed included initiatives implemented by the School of Medicine to assess and enhance skills of its financial and administrative staff and risk-management initiatives undertaken by the University to manage a variety of environmental health and safety issues. The committee reviewed and approved the FY 2002 proposed work plan for the Office of Audit and
Compliance, which was presented by Vice President for Audit and Compliance, Rick Whitfield. Finally, the external auditors, PriceWaterhouse Coopers, indicated that preliminary audit procedures are underway at both the University and the Health System in anticipation of the end of the current fiscal year in two weeks’ time.

H. Budget and Finance Committee—Mr. John Clark

Mr. Clark reported that the Budget and Finance Committee met yesterday to review the year-to-date results from April 2001 for the University and the Health System, as well as to review the operating budgets for the University and the Health System for the FY 2002.

Mr. Clark then presented the following resolutions, recommended by the Budget and Finance Committee, for approval by the Trustees.

**Action**………1. A Resolution on the Design and Construction of the Installation of Fully Automatic Fire Suppression Systems in Dubois, Van Pelt, and Class of 1925 Residences was approved as follows:

**Intention:**

The Department of Housing and Conference Services wishes to proceed with design and construction for the installation of fully automatic fire suppression systems with addressable fire alarm panels in the Dubois, Van Pelt and Class of 1925 student residences. These projects represent the initial phase of a multi-year program that is intended to have fully automatic sprinklers and addressable fire alarm systems installed in all campus residences. This project is estimated to cost $1.8 million and will be funded through Central University debt to be repaid by the Department of Housing and Conference Services.

**RESOLVED,** that the design and construction for the installation of fully automatic fire suppression systems in Dubois, Van Pelt, and Class of 1925 Student Residences, estimated to cost $1.8 million, be and the same hereby is approved and that the Executive Vice President or other appropriate officers of the University be and 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.

6/15/01 - #1
A Resolution on Phase One of the Design and Construction of Research Offices for the Center for Bioinformatics on the Fourteenth Floor of Blockley Hall for the School of Medicine was approved as follows:

Intention:

The School of Medicine wishes to proceed with the construction of the Center for Bioinformatics on the fourteenth floor of Blockley Hall. This project was previously submitted to the Budget and Finance Committee on May 13, 1999 for $2.46 million. However, due to financial constraints, the School is submitting only the 14th Floor at this time. This project will allow the Center for Bioinformatics to relocate its staff into one central location to increase the efficiency of the program and maximize communications between researchers that include faculty, associated post doctoral research staff, programmers, and graduate students. The entire fourteenth floor will be fully renovated, including associated mechanical, electrical, plumbing, and life safety systems. The renovation consists of approximately 9,000 square feet of space that will include offices, conference rooms, training rooms, administration spaces, lounge and related functions. The project is estimated to cost $2.1 million and will be funded as follows: $693,925 from NIH Grants; $120,141 from Capital Funding Transfers; and $1,300,000 from Fiscal Year 2000 and Fiscal Year 2001 Research Facilities Development Funds.

RESOLVED, that the renovation of the Blockley Hall 14th floor Center for Bioinformatics, estimated to cost $2.1 million, be and the same hereby is approved and that the Executive Vice President or other appropriate officers of the University be and 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.

6/15/01 - #2

Note: This resolution was presented to and passed by the Board with "Deutsche Bank" listed as the outgoing Trustee. However, Deutsche Bank had been bought out by Bankers Trust Company, and the appropriate reference to the outgoing Trustee has therefore been changed to "Bankers Trust Company", as noted in the text below. In addition, the resolution was presented and passed with an effective date of July 1, 2001. However, the appropriate effective date was the first business day after July 1, 2001. Therefore, the effective date has been changed to July 2, 2001, as noted in the text below. These changes are officially recorded in these minutes and will be considered final upon approval of these said minutes by the Trustees.
Action……….3. A Resolution Authorizing Transfer of Assets of the Master Retirement Trust from Bankers Trust Company Deutsche Bank to State Street Bank and Trust Company as Successor Trustee was approved as follows:

Intention:

The University of Pennsylvania, the Hospital of the University of Pennsylvania, The Pennsylvania Hospital of the University of Pennsylvania Health System, Phoenixville Hospital and Presbyterian Medical Center of the University of Pennsylvania Health System have defined benefit pension plans for their employees which are funded through a Master Retirement Trust Agreement dated January 3, 1994 with Bankers Trust Company (now Deutsche Bank) which serves as the Trustee. The University has the right to remove the Trustee and appoint a successor Trustee, and any subsidiary or affiliate of the University is bound by such decision. The University wishes to remove Deutsche Bank Bankers Trust Company as Trustee and transfer the assets of the Master Retirement Trust to State Street Bank and Trust Company, which will serve as successor Trustee.

RESOLVED, that Deutsche Bank Bankers Trust Company shall be removed as Trustee of the University of Pennsylvania Master Retirement Trust and State Street Bank and Trust Company shall be appointed successor Trustee effective July 1, 2001, and the execution by the appropriate officer of a restated Master Retirement Trust Agreement with State Street Bank and Trust Company as successor Trustee and the transfer of the trust funds from Deutsche Bank Bankers Trust Company to State Street Bank and Trust Company be and the same hereby are approved.

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

FURTHER RESOLVED, that the Investment Fiduciary, any Director of Investments, the Investment Risk Analyst, the Interim Associate Treasurer, or the Vice President for Finance and Treasurer be authorized to give investment direction to the Trustee and to execute letters to the Trustee confirming such investment direction.

6/15/01 - #3
Action.........4. A Resolution Authorizing Change in Restrictions and Renaming of the Ford Foundation Fund, School of Medicine was approved as follows:

Intention:

On September 14, 1956, the Ford Foundation granted $500,000 to the University for the purposes of strengthening the medical education provided by the School of Medicine. For ten years, income only was available to be expended for those purposes. Beginning in 1966, both principal and income were available. On October 16, 1956, the Board of Trustees of the University resolved that the fund be known as the “Ford Foundation Fund, School of Medicine” and that income of the fund be expended at the direction of the President on the recommendation of the Vice President for Medical Affairs for one or more instructoral salaries in the School of Medicine, with principal available pursuant to the grant beginning in 1966.

The Faculty 2000 Clinician Educator Working Group has recommended that the School of Medicine develop a new category of endowed fund in support of medical education, to provide partial salary support for designated members of the standing faculty who fulfill a specified leadership role in the School of Medicine curriculum. Arthur Asbury, MD, Interim Dean, School of Medicine, has requested a change in the restrictions of the Fund to accommodate the recommendation. The Treasurer’s Office concurs with this request.

RESOLVED, that the “Ford Foundation Fund, School of Medicine” shall be renamed the “Ford Foundation – Medical Educator Fund.”

FURTHER RESOLVED, that the income of the fund (determined in accordance with the University spending rule policy, as it may be amended from time to time) be expended at the direction of the Dean of the School of Medicine to support faculty performing leadership roles in School of Medicine curriculum.

FURTHER RESOLVED, that the Dean of the School of Medicine, with the consent of the Treasurer, shall have discretion to direct the use of the income and principal of the fund in the future for any purposes of the School of Medicine consistent with the intent of the original grant from the Ford Foundation (that is, to strengthen the instruction provided by the School of Medicine).

6/15/01 - #4
A Resolution for Approval of the Sale of Certain Real Property
Located at 701-703 Pine Street, the Surface and Subsurface of 705 Pine Street and the
Surface and Subsurface of 717 Pine Street, Philadelphia, Pennsylvania by The
Pennsylvania Hospital of the University of Pennsylvania Health System was approved as
follows:

Intention:

The Pennsylvania Hospital of the University of Pennsylvania Health System
(“PAH”), as owner of certain real property located at 701-703 Pine Street, the
surface and subsurface of 705 Pine Street and the surface and subsurface of 717
Pine Street (the “PAH Property”), and the Delancey Corporation (“Delancey”), as
owner of the air rights of 705 Pine Street, 711 Pine Street, 713 Pine Street and the
air rights of 717 Pine Street (the “Delancey Property”), entered into a property
listing and marketing agreement in June of 2000. After receiving eleven offers
on September 19, 2000, PAH and Delancey received a letter of intent from
Messrs. Richard Kline and Stephen Mark Goldner on behalf of GGK Architects
setting forth the basic business terms for the purchase by GGK Architects or its
designee (the “Buyer”) of the PAH Property and the Delancey Property for an
aggregate purchase price of $2,605,000. The Buyer’s offer was the highest
presented for the PAH Property and Delancey Property package and was
consistent with the Valuation Report prepared by Cushman & Wakefield of
Pennsylvania, Inc.

By way of background, title to a portion of the PAH Property known as 701-703
Pine Street was acquired by PAH’s predecessor by merger in 1972, subject to an
agreement (the “RDA Agreement”) with the Redevelopment Authority of the City
of Philadelphia, Pennsylvania (the “RDA”). Pursuant to the RDA Agreement,
PAH is obligated, among other things, to complete construction of a project as
required therein. After several efforts to obtain zoning and other approvals to
construct the required project, PAH did not complete construction of the required
project on or before March 5, 1990, as required by the RDA Agreement. Failure
to timely complete construction of the required project results in either: (i) a
disgorgement of proceeds derived from the sale of 701-703 Pine Street which
exceed the original purchase price paid by PAH for 701-703 Pine Street plus
"carrying charges" incurred by PAH with respect to the property or (ii) a
forfeiture of title to 701-703 Pine Street. In either case, pursuant to the RDA
Agreement, PAH is to remain obligated to complete construction of a new project
upon assignment of the RDA Agreement along with any conveyance of 701-703
Pine Street. Nonetheless, upon approval by the RDA Board of the carrying
charges which PAH has incurred with respect to 701-703 Pine Street, the RDA is
willing to permit PAH to convey 701-703 Pine Street to the Buyer, is willing to
release PAH from all of its obligations under the RDA Agreement and is willing
to enter into a new redevelopment agreement with the Buyer to construct a new
project.
PAH and Delancey have negotiated an agreement of sale with the Buyer for the conveyance of the PAH Property and Delancey Property. This conveyance shall be contingent upon: (i) the conveyance by Delancey to the Buyer of the Delancey Property (which is subject to the approval of the Delancey Board of Directors); (ii) the approval of the conveyance of the PAH Property by University of Pennsylvania Health System (“UPHS”) Trustee Board Executive Committee and The University of Pennsylvania (the “University”) Trustee Board; and (iii) the completion of all acts necessary in furtherance of the foregoing, including but not limited to, severing 705 Pine Street and 717 Pine Street from a certain ground lease between PAH and Delancey with respect to such properties (the "Lease"). Pursuant to such agreement of sale, the Buyer shall pay to PAH and Delancey an aggregate purchase price of $2,605,000.

The PAH Board of Managers and the UPHS Trustee Board Executive Committee recommend that the University Trustee Board approve this transaction.

RESOLVED, that, the University Trustee Board hereby approves the conveyance of the PAH Property by PAH, which conveyance shall be contingent upon the conveyance by Delancey to the Buyer of the Delancey Property, and which shall be for an aggregate purchase price of $2,605,000 for the PAH Property and the Delancey Property or on such other economic terms and conditions deemed proper by the appropriate officers of PAH; and

FURTHER RESOLVED, that, pursuant to the foregoing resolution, the University Trustee Board hereby authorizes the appropriate officers of PAH to take all actions as in their judgment may be necessary or appropriate in order to consummate such conveyance, including, but not limited to, executing and delivering deeds to the Buyer, terminating the Lease with respect to 705 Pine Street and 717 Pine Street, and executing and delivering title affidavits, Foreign Investment in Real Property Tax Act (FIRPTA) certificates and all other documents necessary or customary to effectuate the conveyance of property.

6/15/01 - #5

Action………..6. A Resolution Regarding the Merger of Benjamin Franklin Clinic, an Affiliate of Pennsylvania Hospital, into Clinical Care Associates of the University of Pennsylvania Health System was approved as follows:

Intention:

The Trustee Board Executive Committee of the University of Pennsylvania Health System (“UPHS”), the Trustee Board of Clinical Care Associates of the University of Pennsylvania Health System (“CCA”), the Board of Directors of
First Health – The Health System of Pennsylvania Hospital (“FH”) and Benjamin Franklin Clinic, an Affiliate of Pennsylvania Hospital (“BFC”) have determined that it is advisable and to the advantage, welfare, and best interests of said corporations to merge BFC with and into CCA, with CCA being the surviving corporation (the "Merger"). As a result of the Merger, BFC will cease to exist as a separate corporate entity. All of the assets and property of BFC will become the assets and property of CCA. Likewise, all of the debts and obligations of BFC will become those of CCA. The business presently conducted by BFC will be continued through CCA. It is the goal of BFC and CCA that the Merger be effective as of July 1, 2001.

RESOLVED, that CCA is hereby authorized to proceed with the Merger substantially on the general terms and conditions set forth in the attached Plan and Agreement of Merger, and to negotiate, execute, deliver and perform definitive agreements regarding the transactions described in the attached Plan and Agreement of Merger, with such additional terms and changes as the Executive Director of CCA considers appropriate and in the best interest of CCA; and

FURTHER RESOLVED, that the University Trustee Board approves the Merger and that the Executive Director of CCA 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.

6/15/01 - #6

Action.............7. A Resolution on the Extension of the University’s Guaranty of a Loan Not to Exceed $2.9 Million to University City Associates, Inc. was approved as follows:

Intention:

In May 2000, the Trustees approved the University's guarantee of certain loans to its subsidiary University City Associates, Inc ("UCA"), including a loan in the amount of $2,900,000 from Allied Irish Bank (the "Loan"). Loan proceeds were used to finance renovations to UCA’s facilities, including Chestnut Hall. The Loan will mature on June 30, 2001 and UCA has reached agreement with Allied Irish Bank to extend the term of the Loan for one additional year. UCA has requested and the administration recommends that the University execute a
guarantee with respect to this and any subsequent extensions, renewals and/or modifications of the Loan in order to reduce UCA's borrowing costs.

**RESOLVED**, that the Trustees of the University hereby approve the University's guaranty (the "Guaranty") of the extension of the $2,900,000 Allied Irish Bank loan to UCA, as well as any subsequent extensions, renewals and/or modifications of that Loan, provided that the total amount of the principal under the Loan shall not exceed $2,900,000 plus interest and other charges payable thereon and that the term of the Guaranty not exceed 10 years.

**FURTHER RESOLVED**, that the Executive Vice President and Vice President for Finance and Treasurer be and either of them is hereby authorized and empowered to approve the form, conditions and terms of one or more instruments constituting the Guaranty and to execute and deliver on behalf of the University the Guaranty and other documents required to be executed and delivered in connection therewith, the execution and delivery of the Guaranty and any other documents to be conclusive evidence of approval thereof by the executing officer.

**FURTHER RESOLVED**, that the Secretary or his or her designee be and any one of them is hereby authorized and empowered to attest the corporate seal to the Guaranty and any document executed and delivered in connection with the Guaranty on behalf of the University.

**FURTHER RESOLVED**, that the Executive Vice President and Vice President for Finance and Treasurer be and either of them is hereby authorized and empowered to take any action or to do anything that shall be necessary to carry out the intent and purposes of this resolution.

6/15/01 - #7

*Action.........8. A Resolution Authorizing the University’s Guarantee of a $1,128,960 Note to PIDC Local Development Corporation was approved as follows:*

**Intention:**

In connection with certain transactions described below, the University will guarantee the obligations of PGH Development Corp under a Promissory Note in the amount of $1,128,960 (the “Note”) payable to PIDC Local Development Corporation (“PIDC”). The Note was executed in connection with the refinancing of a $5,348,000 Urban Development Action Grant Loan (the “UDAG Loan”). The UDAG Loan, was advanced in 1989 for the construction of an underground parking structure (the “Garage”) as well as a public plaza constructed above the Garage on the former Philadelphia General Hospital Site. The Garage was developed jointly by four
participants (the "Participants") - the University, Children’s Hospital ("CHOP"), Children’s Seashore House and PGH Development Corporation ("PGHDC") and operated as a public parking facility from which the University derived no direct benefit but which required the University to assume 40% of all operating obligations related to the Garage. Under the terms of Development and Operating Agreements executed by the Participants, the University also guaranteed 40% of the UDAG Loan and other financing related to the development of the Garage and the plaza.

In connection with the refinancing of the UDAG Loan and pursuant to the terms and conditions of an Agreement executed on January 25, 2001 by the Participants, Children’s Health Development Corporation and the Children’s Hospital Foundation, the parties have agreed as follows: (i) title to the Garage was conveyed to CHOP; (ii) CHOP and the Children’s Hospital Foundation assumed all debt financing obligations related to the Garage; (iii) CHOP terminated its leasehold interest in 55 parking spaces in the University's Nursing Education Building effective June 1, 2001; (iv) CHOP paid the University $750,000 in cash and agreed to reimburse the University for certain sums advanced by the University pursuant to the Operating Agreement for periods subsequent to July 1, 1999; and (v) the University agreed to guarantee the Note, the principal of which represents the University's unamortized share of costs related to the development of the above mentioned plaza.

RESOLVED, that the Trustees hereby authorize the University’s guarantee of the $1,128,960 Note to PIDC as well as any subsequent extensions, renewals and/or modifications of said Note.

FURTHER RESOLVED, that the Executive Vice President or Vice President for Finance and Treasurer be and either of them is hereby authorized and empowered to execute the Guarantee instrument together with any other required documents and to take any action or to do anything that shall be necessary to carry out the intent and purposes of this resolution.

FURTHER RESOLVED, that, any actions heretofore taken by such officers in furtherance of the purposes of this resolution are hereby ratified and affirmed.

6/15/01 - #8

Action............9. A Resolution Authorizing the University to Enter into an Agreement with PAID for the Future Purchase of Additional Civic Center Property was approved as follows:

Intention:

The University proposes to acquire from the Philadelphia Authority for Industrial Development ("PAID") an approximately 3.16 acre parcel (the “Property”) on the
former Philadelphia Civic Center site. The Property is the site of Pennsylvania Hall and is located adjacent to other former Civic Center lands being acquired by the University. The purchase price for the property is $6.3 million. The University’s agreement with PAID allows the University to defer closing on the acquisition, at the University’s discretion, until June 2004.

**RESOLVED**, that the Trustees of the University hereby approve the acquisition from PAID of the former Pennsylvania Hall site, comprising approximately 3.16 acres in accordance with the terms and conditions set forth above.

**FURTHER RESOLVED**, that the Executive Vice President and Vice President for Finance and Treasurer be and either of them is hereby authorized and empowered to approve the form, conditions and terms of, and to execute and deliver any agreements, affidavits, certifications, and other documents required to carry out the intents and purposes of this Resolution.

**FURTHER RESOLVED**, that the Executive Vice President and Vice President for Finance and Treasurer be and either of them are hereby authorized and empowered to take such further action and to do anything that shall be necessary to carry out the intents and purposes of this Resolution, and that any actions previously taken by such officers to carry out the intents and purposes of this Resolution are hereby ratified and affirmed.

6/15/01 - #9

*Action*............10. A Resolution Resolution Authorizing the University to Enter into an Agreement with Children’s Hospital of Philadelphia for the Future Sale of a Portion of the Civic Center Property was approved as follows:

**Intention:**

In December 1999, the University and Children’s Hospital of Philadelphia (“CHOP”) each entered into various agreements with the Philadelphia Authority for Industrial Development (“PAID”) pursuant to which PAID agreed to transfer to each of them designated portions of the former Philadelphia Civic Center Property (the “Property”). This transaction was approved by the Trustees on June 17, 1999. The University and CHOP are now preparing to close with PAID on the acquisition of their respective portions of the Property.

In connection with the closing, CHOP and the University have proposed to reallocate between themselves their respective property interests in the Property so as to better rationalize the development of the overall Civic Center site between the University and CHOP. As a result of this reallocation, the University will transfer to CHOP rights to approximately 2.0 acres of land it was originally
scheduled to acquire from PAID. As a result, the University will acquire a net 4.0 acres from PAID under the December 1999 Agreements, while CHOP will acquire 2.5 acres from PAID plus the aforementioned 2.0 acres from the University. As part of the consideration for this reallocation of property interests, CHOP has also agreed to relinquish to the University its option interest in the adjacent 3.16-acre parcel that is currently the site of Pennsylvania Hall. The purchase price for the parcel to be transferred by the University to CHOP will be based on a $3.0 million per acre price and is expected to generate gross proceeds of approximately $6.0 million.

**RESOLVED,** that the Trustees of the University hereby approve the proposed reallocation of the Civic Center Property between CHOP and the University and the sale and conveyance to CHOP of the approximately 2.0 acre parcel described above, all in accordance with the terms and conditions set forth above.

**FURTHER RESOLVED,** that the Executive Vice President and Vice President for Finance and Treasurer be and either of them are hereby authorized and empowered to approve the form, conditions and terms of, and to execute and deliver any agreements, affidavits, certifications, and other documents required to carry out the intents and purposes of this Resolution.

**FURTHER RESOLVED,** that the Executive Vice President and Vice President for Finance and Treasurer be and either of them are hereby authorized and empowered to take such further action and to do anything that shall be necessary to carry out the intents and purposes of this Resolution, and that any actions previously taken by such officers in furtherance of the purposes of this Resolution are hereby ratified and affirmed.

6/15/01 - #10

*Action*………..11. A Resolution Authorizing an Increased Budget for the Completion of the Hamilton Square Projects was approved as follows:

Intention:

On October 30, 1998, the Trustees approved a resolution to fund the development of a mixed-use commercial project on the property surrounding the intersection of 40th and Walnut Streets to be called Hamilton Square. Two components of this project include a 750 car-parking garage, previously approved at $15.5 million, and a 29,400 square foot fresh food market, previously approved at $4.5 million. The objectives of this project are to provide essential food services to the on and off campus communities, and to improve the western edge of the campus with dynamic uses that will increase pedestrian traffic, especially in the evening, and
thus increase the safety and vitality of the neighborhood, as well as the overall quality of life for students, faculty, staff, and neighbors.

The market and garage project costs are projected to be higher than originally anticipated. The University is requesting an additional $9 million to fund these two projects via an Internal Capital Project Loan to be repaid by revenue generated from Parking and Transportation, Market revenues and Central University Resources.

RESOLVED, that additional costs for the Hamilton Square Development estimated to be $9 million, 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 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.

6/15/01 - #11

Action………..12. A Resolution Authorizing the University of Pennsylvania Health System to Enter into a Master Financing Agreement with GE Capital Public Finance, Inc. and the Pennsylvania Higher Educational Facilities Authority Providing for Tax-exempt Financing of Capital Assets in an Aggregate Amount Not to Exceed $30,000,000 was approved as follows:

Intention:

The Trustees of the University of Pennsylvania (the “University”) owns and operates the University of Pennsylvania Health System (“UPHS”), which includes certain designated units of the University and various corporations controlled by the University. UPHS has received a proposal from GE Capital Public Finance, Inc. (“GECPF”) to provide tax-exempt financing to UPHS for capital assets, including equipment, to be acquired by UPHS pursuant to a master financing agreement (the “Master Agreement”) among UPHS, GECPF and the Pennsylvania Higher Educational Facilities Authority (“PHEFA”). The Master Agreement will provide for payments by UPHS to GECPF in amounts and at the times sufficient to repay the financing provided by GECPF pursuant to the Master Agreement, and will also provide for UPHS to grant a security interest to GECPF in the financed capital assets. The UPHS Trustee Board Executive Committee has recommended that UPHS enter into the Master Agreement.

ACCORDINGLY, IT IS HEREBY
**RESOLVED**, that, based upon the recommendation of the Budget and Finance Committee, the University Trustee Board hereby authorizes UPHS to enter into the Master Agreement with GECPF and PHEFA, in such form and with such terms and conditions as the applicable officers of UPHS shall approve, and authorizes and directs the appropriate officers of the University and UPHS to take such actions, execute such documents and incur such expenses and obligations as may in their judgment be necessary or desirable to accomplish the purposes of this resolution; provided that (i) the amount of the financing shall not exceed $30,000,000, (ii) the term of the financing shall not exceed seven years and (iii) the interest cost shall not exceed 7% per annum.

6/15/01 - #12

*Action*………..13. **A Resolution Authorizing the Fiscal Year 2002 Operating Budget**

For the University of Pennsylvania was approved as follows:

**Intention:**

The Trustee Budget and Finance Committee has reviewed the operating budget proposed for the University of Pennsylvania for Fiscal Year 2002 and recommends its approval.

**RESOLVED,** that the operating budget for the University of Pennsylvania for Fiscal Year 2002 recommended by the Trustee Budget and Finance Committee be and the same hereby is approved.

6/15/01 - #13

*Action*………..14. **A Resolution Authorizing the Fiscal Year 2002 Capital Plan**

for the University of Pennsylvania was approved as follows:

**Intention:**

The Trustee Budget and Finance Committee has reviewed and recommends for approval the Capital Plan proposed for the University of Pennsylvania for Fiscal Year 2002, representing estimated project costs of $60.1 million, as follows (by funding source):

- Gifts & Grants $ 19.2 million
Facilities Renewal Fund  $ 10.2 million  
School & Center  $  8.2 million  
Capital Funding Transfer  $  1.0 million  
Research Facilities Development Fund  $  0.4 million  
Other Funding Sources  $ 21.2 million  

Each project within the Capital Plan costing $250,000 or more will be approved individually by Capital Council. In addition, each project within the Capital Plan costing $1 million or more will be presented to the Board of Trustees Budget and Finance Committee for approval.

**RESOLVED,** that the Capital Plan for the University of Pennsylvania for Fiscal Year 2002, representing estimated project costs of $60.1 million, recommended by the Board of Trustees Budget and Finance Committee be and the same hereby is approved.

6/15/01 - #14

*Action*………..15. A Resolution Authorizing the Fiscal Year 2002 Operating Budget for the University of Pennsylvania Health System – Health Services Component was approved as follows:

**Intention:**

Management recommends approval of the Fiscal Year 2002 Operating Budget for the University of Pennsylvania Health System – Health Services Component, as presented to the Health System Executive Committee. The Operating Budgets for the Clinical Care Associates, Pennsylvania Hospital, Phoenixville Hospital and Presbyterian Medical Center have been reviewed by their respective Trustee Boards, which have recommended them for approval.

**RESOLVED,** that the University of Pennsylvania Health System Trustee Board Executive Committee recommends to the University of Pennsylvania Budget and Finance Committee that the Fiscal Year 2002 Operating Budget of the University of Pennsylvania Health System – Health Services Component be approved.

6/15/01 - #15
Action……….16. A Resolution Authorizing the Fiscal Year 2002 Capital Budget for the University of Pennsylvania Health System – Health Services Component was approved as follows:

Intention:

Management's goals for the Fiscal Year 2002 capital budget are to identify capital resources necessary to (1) sustain and build upon the financial turnaround initiated in Fiscal Year 2000 and enhanced in Fiscal Year 2001, and (2) continue to support the academic and clinical mission of the Health System.

Management is recommending an increased capital authorization as compared to Fiscal Year 2001. It does so only after an intensive, system-wide planning and resource prioritization effort throughout Fiscal Year 2001, and with full recognition of Health Services current financial position. As a result of these planning efforts, both Health Services Administrative and Clinical Leadership have concluded that risks associated with continued capital under investment in Fiscal Year 2002 are significant and could include: the inability to retain key clinicians, both physician and technical staff; lost revenue and operating cost improvements; and, ultimately jeopardizing UPHS' academic and clinical reputation.

Accordingly, management recommends the establishment of the Fiscal Year 2002 consolidated University of Pennsylvania Health System (UPHS) – Health Services Component capital authorization for $132.7 million as described in the capital budget section of the budget presentation and further detailed in the supporting exhibits. Of this amount, $30 million of equipment will be authorized by virtue of approval to effect the proposed tax-exempt operating lease and $2.9 million of this will be funded from external sources and restricted funds.

Taking into account carryforwards from prior year authorized but unspent projects, and spending for FY 2002 authorizations deferred until FY 2003 and later, projected capital spending for FY 2002, based on the $132.7 million authorization described above, is budgeted at $81.0 million. Should the tax-exempt operating lease not receive favorable credit review by the rating agencies, or management decides not to pursue this option for other reasons, management would recommend that operating cash or board-designated assets be used to fund this additional amount. Such management action would increase FY 2002 capital spending to $111.0 million from $81.0 million.

RESOLVED, that the University of Pennsylvania Health System Trustee Board Executive Committee recommends to the University of Pennsylvania Budget and Finance Committee the establishment of the Fiscal Year 2002 consolidated UPHS
Health Services capital authorization for new capital projects and items in the amount of $132.7 million to be funded by a combination of cash from operations, a tax-exempt operating lease and restricted funds.

See attached Exhibit A.

6/15/01 - #16

**Exhibit A - Fiscal Year 2002 Capital Budget Major Project Narrative**

**CPUP**

1. **EpicCare Electronic Medical Records System** *(meets non-ROI criteria)*
   - $3,511,000
   - To upgrade the manual, labor intensive, cumbersome, multispeciality medical record system to a single, seamless, electronic medical record. The advantages of this medical record include; access to current office notes from any location via the Web, access to clinical data for purposes of billing, resource utilization and clinical trials, and automation of workflow such as radiology and laboratory. Primary focus will be in the Department’s of Radiology, Medicine and OB/GYN.

2. **Start up New Jersey Surgery Unit** *(3.1 year payback)*
   - $750,000
   - Project would include the renovation and equipment needs to start an outpatient clinic and Dermatology surgical unit in New Jersey.

3. **Academic Reserve** *(meets non-ROI criteria)*
   - $500,000
   - Funding for critical items are needed for the academic growth of the institution. Although these needs may not directly benefit the clinical growth of the health service component, they are necessary items of an academic institution. These amounts are in addition to those funds provided by the School of Medicine.

**HUP**

1. **OR Tactical Space Plan** *(3.1 year payback)*
   - $25,000,000
   - The Strategic Planning Committee recommended this expansion. This project will create an additional 5 to 7 new ORs, plus additional 18 PACU beds. OR support areas will also be relocated and expanded. Age of the existing physical plant requires significant upgrades to the electric power and HVAC systems to support the OR expansion. Phase I of the project which includes the PACU beds, relocating and expanding the support services, and the building infrastructure upgrades will be completed in FY 2002, costing an estimated $10.6 million.

2. **Outpatient Radiology on Penn Tower Bridge** *(2.8 year payback)*
   - $8,525,000
   - In approximately December 2000, this project was approved as a part of the resolution authorizing the strategic purchase alliance with Siemens. The Trustees approved this project as a first draw against the FY 2002 capital budget. This project will be a new 9,500 square foot outpatient facility on the bridge level of
Penn Tower. Diagnostic modalities are MRI, CT, Thoracic, Musculoskeletal and Mammography.

3. **Heart Failure Unit Move** (0.7 year payback) $5,800,000
   When the EP/Cath Lab project is complete the new Labs will absorb the existing CICU beds on Founders 8. A new heart failure unit will be necessary to insure continuation of our strong Heart transplant and LVAD patients. Relocating the floor displaced by the new EP/Cath Labs re-establishes the otherwise lost Medicine floor.

4. **Cath Lab Equipment and Renovations** (meets non-ROI criteria) $4,855,000
   As Phase II of EP/Cath Project, replacement of the three Cath Labs built in 1980, 1983, and 1987 will occur. The equipment will be state of the art digital equipment with archiving capabilities to store images. Currently $59.2 million in revenues and $32.8 million in contribution margin are generated by the EP/Cath Lab activity.

5. **Linear Accelerators (2)** (meets non-ROI criteria) $3,023,000
   Patient critical replacement of these fully depreciated accelerators was committed to the Chair as part of the Siemens deal. The new equipment will offer IMRT and multilief collimation improving radiation therapy outcomes.

6. **Pyxis 2000 Upgrade to Enhanced Software for Pharmacy** (meets non-ROI criteria) $1,550,000
   The current pharmaceutical dispensing devices on the patient floors (Pyxis machines) were purchased in 1993 and are fully depreciated. In recent months the machines have been failing an average of three times per week, which results in delayed access to medications. The manufacturer is no longer supporting the software on these dated machines. This will improve the ability to track and minimize drug diversions.

7. **Convert IMCU to MICU Beds** (meets non-ROI criteria) $970,000
   Project would convert existing IMCU beds to MICU beds, creating additional ICU capacity to support the further development of high intensity tertiary medical services at HUP. Service is critical to supporting tertiary surgical and medical services especially the high margin CT, Bone Marrow Transplant and Liver Transplant Programs.
8. Case Management Information System (1.3 year payback) $600,000
Currently HUP utilizes the SMS financial system for recording utilization information, including approved and denied day recording. The department must manage Length of Stay (LOS), denial management, and staff assignments manually. This application will significantly reduce time allocated for manual data collection by Clinical Resource Coordinators who can more effectively utilize that time to reduce delays and inefficiencies in the care delivery processes.

9. PC's for the Nursing Units (meets non-ROI criteria) $550,000
The PCs currently in use on the nursing units at HUP were originally purchased in 1996 and 1997 and deployed as part of the TDS installation. There has been increased demand for additional applications to be supported on these PCs, including the new Sunrise Clinical Information System. This project would replace approximately one-half of all the PCs on the nursing floors.

10. PACS -Upgrades & Enhance Digital System for Ultrasound (meets non-ROI criteria) $520,000
Currently the existing system is no longer supported for parts or repairs and crashes often. Need to replace 10 years old filmless archiving and retrieval system for Ultrasounds.

11. Code Corrections for Gates Building (meets non-ROI criteria) $500,000
Represents the first part of a three years Code Corrections for Gates Building plan, which totals $2.1 million. Work consists of repairing compromised corridor, shaft and rated walls, installing specialized sprinkler systems in electrical areas, installation of missing fire dampers, and replacing improper exit door hardware.

12. Replace Air Handler Units & Auxiliary Equipment (meets non-ROI criteria) $500,000
Due to deferral of many capital projects in recent years, these routine replacements have not occurred. Many units are deteriorated and beyond useful life (30+ years). This funding will replace two units

PMC
1. Emergency Room Renovation (meets non-ROI criteria) $6,000,000
The Emergency Department (ED) project scope includes the complete phased-in renovation/expansion /refurbishment of the entire ED suite and plant infrastructure. In addition to improvements made directly in the ED area, the scope of this proposed project also includes alternations to the Wright/Saunders building to create a new public entrance to the hospital in order to eliminate the
Exhibit A - Fiscal Year 2002 Capital Budget Major Project Narrative
(continued)

cross traffic that takes place in the current ED space. There will be renovation work over an estimated 14,500 S.F. and approximately 2,400 S.F. of new construction (in-fill between the Myrin and Cupp buildings). Temporary construction will be required in order that there are no disruptions to patient care throughout the duration of this project. Full cost is $6,000,000, but $333,754 can be funded from restricted funds.

2. CT and Fluoro – Equipment and Renovations (meets non-ROI criteria) $3,112,000
   This is for the acquisition and installation of both a digital fluoroscope unit as well as a helical CT scanner. The digital fluoroscope unit will replace a 1988 unit that has been abandoned due to equipment failure during studies. Currently, PMC is at risk since they only have one fluoroscopic unit (non-digital, circa 1991) on campus. An equipment failure will result in non-availability of fluoroscopic services and will increase operating costs for inpatients. Currently, there is loss of business due to wait time for studies and older technology. The age of the current technology will not support the practice of the medical staff. If this equipment is purchased, we will be able to capture volume currently going outside of the UPHS. This will enable us to increase revenue at both PMC and CPUP. This state of the art technology will support the tertiary care practice of medicine and is critical for retention and recruitment of technical and professional staff.

   The acquisition and installation of a helical CT scanner is required to replace a non-functional CT scanner disposed of March 2001 and augment capabilities of the 9 year old CT scanner currently in place. Currently, PMC is at risk since they only have one CT scanner on the campus (circa 1993). An equipment failure will result in non-availability of scanning services and will increase operating cost. Currently, there is loss of business due to wait time for studies and older technology. The age of the technology will not support the practice of the medical staff. If this equipment is purchased, we will be able to capture volume currently going outside of the UPHS. This will enable us to increase revenue at both PMC and CPUP. This state of the art technology will support the tertiary care practice of medicine and is critical for retention and recruitment of technical and professional staff.

3. Endoscopy Suite Renovations (meets non-ROI criteria) $1,000,000
   This project will be funded from restricted funds and will support GI and pulmonary patients undergoing endoscopic procedures and will provide space for handling patient pre and post procedure. The current holding room is undersized to accommodate the patient volume and creates patient safety and dignity issues. It will help minimize wait time between cases since patients will be readily available. Additionally, this will enable us to capture cases that are currently being sent outside of UPHS due to non-availability of procedure room time and will enable both PMC and CPUP to increase revenue. This project will positively
impact the retention and recruitment of employee technicians, as well as patient satisfaction.

4. **Clinical Workstation – Eclipsys System** (1.3 year payback) $880,000
   This is for the hardware to support communication between entities and doctors, such as personal computers, printers and cabling for patient care units and ancillary departments to support Eclipsys implementation. This system will enable the automation of communication of orders and results. This will reduce the lapsed time for completion of tests and procedures, shorten the time of availability of results to physicians, reduce length of stay, reduce insurance denials of patient days, improve documentation in patient charts and enhance patient safety through faster, more accurate order entry. Inclusion of these items in the budget will allow Eclipsys to be fully implemented in FY 2002.

5. **Heliport** (meets non-ROI criteria) $690,000
   The full cost of this project will be funded from restricted funds. Half of the amount would need to be acquired through fund raising, which would be matched by funds from the PHI settlement. This project includes the installation of a 40' x 40' helicopter landing deck on the roof of the Cupp Building. All parties involved in reviewing this project have confirmed that the location and building infrastructure are ideal for a helicopter landing deck. Helicopters land in the temporary, emergency-landing site at PMC 3910 parking lot approximately 20 times per month. The proposed location for the new deck would significantly reduce the travel time from the location at 3910 parking lot to the OR site. Having a permanent access would also address the need to have patients helicopter to HUP and then transported via ambulance to PMC (19 minutes). This project would be viewed as beneficial to the community, which were told that the 3910 location would be a temporary location. Other benefits are improved safety, less disruption and increased parking availability.

6. **PECO Building Purchase** (meets non-ROI criteria) $600,000
   The PECO building is a defunct substation of the Philadelphia Electric Company. The ground on which the building is situated is between the 38th street entrance to the Medical Center campus and Powelton Avenue with a frontage on 38th street. The Medical Center has had an interest in the building for use in potential expansion, but did not pursue it since there were concerns about potential environmental issues that could be costly and were not easily evaluated. The present offer includes environmental clean up by the current owners and EPA approval prior to closing. While the specific future use of the building has not been determined, the Medical Center has no expansion space available in it’s current facilities. Also, several potential business partners have expressed an interest in acquiring space on the campus either through developing and leasing this building or leasing other space on campus.
7. OR Refurbishment (meets non-ROI criteria) $594,000
   Full cost of this project will be funded from specific purpose fund that is restricted for this purpose. This is a general refurbishment of the Cupp operating room suite. Most of the equipment and finishes found in the current suite are original to the building (> 20 years old). This project will enable PMC to address long standing infection control concerns, patient and employee satisfaction and will improve the functionality of the suite. As volume of cases continues to increase as it has for the past three years, the functionality of the space will become even more critical. A majority of the work would need to be completed on "off-hours" so as not to disrupt the functionality of the suite during general work hours. The project budget includes contingency funds for work interruptions.

8. PMC Pharmacy System (meets non-ROI criteria) $500,000
   This project allows for the replacement of the SMS Pharmacy Information Management System, which was installed in 1995 and can not be interfaced, to the Eclipsis System. An additional driver is that the SMS product support wills sunset in the near future. The new system will: allow for physician order entry, decrease transcription and ordering errors, standardize to the UPHS chosen Pharmacy System and will increase the capacity of the pharmacists for clinical intervention.

PAH
1. Widener ICU Project – Phase II (meets non-ROI criteria) $6,486,000
   The project is in the second phase of a three years, $17 million project to replace code deficient and operationally dysfunctional intensive care units at Pennsylvania Hospital. The second phase will include construction of approximately 30 critical care rooms on Widener and 3 Schedit.

2. Renovations to SPU and Expansion two Endoscopy Suites (1.8 year payback) $2,500,000
   Construct two inpatient endoscopy rooms and renovate the current Short Procedure Unit (SPU) at entrance and recovery. Both areas are currently code deficient and operationally dysfunctional. The project will improve both efficiencies and patient satisfaction. Plans are being developed simultaneously to joint venture with an outside company to construct outpatient endoscopy suites in the Farm Journal Building. All capital costs for the outpatient suites will be funded through the joint venture.

3. Bed Replacement (meets non-ROI criteria) $1,202,000
   First phase of a two phases plan to replace all current available electronic beds and mattresses that have outlived their useful life. Bed replacements will significantly reduce both patient complaints as well as worker’s compensation claims. Approximately 230 beds will be replaced during FY 2002.
4. Neurosurgery Equipment (1.2 year payback) $750,000
   Equipment needed to support continued growth in Neurosurgical volume. The majority of the funds will be used to purchase a new microscope.

PHX
1. OR Renovations (meets non-ROI criteria) $2,500,000
   Current 8,500 square foot OR suite, consisting of three general OR’s, one orthopedics room and one procedure room, was built in 1968. Only minor upgrades have been done since that time. $2.5 million dollars (of a proposed $17 million major renovation project) is required in FY 2002 to renovate existing footprint to meet JCAHO recommendations to improve pre and post-op patient flow, to increase available support space for supplies and equipment and to bring existing conditions up to current code.

2. Ambulatory Surgical Care Unit Development (2.0 year payback) $1,540,000
   Initial studies indicate that the development of a 12,000 square foot, 5 OR surgery center adjacent to Penn Medicine at Limerick would increase surgeries by 4,200 annually. Capital costs include $1,380,000 in development and building construction and $1,700,000 for OR equipment. A joint venture is proposed in which UPHS would share 50% these costs as well as 50% of generated revenue.

3. Neonatal Intensive Care Unit Renovations (meets non-ROI criteria) $550,000
   The creation of a 4 bassinet NICU is part of a plan to increase our market share of women’s health services, particularly obstetrics. It is projected that such a unit capable of providing a higher level of specialty care for neonates would increase patient days by 1,095 per year and revenue by $1,417,000. Costs include $300,000 for renovations to the LDR floor and $250,000 for equipment.

4. Variable SPECT Camera (meets non-ROI criteria) $550,000
   Our current camera system is 10 years old and in need of replacement. Newer technology will reduce imaging time and increase throughput in nuclear cardiology.

Corporate
1. Penn Tower Elevator- Passenger and Shuttle (meets non-ROI criteria) $2,707,000
   Existing elevators are at end of service life. Continued expansion of clinical and office functions have severely overloaded the capacity of the elevators, originally designed for hotel occupancy. Addition of the shuttle elevators serving the lower lobby, lobby (anticipated to become retail) and bridge levels will reduce demand on and improve service of existing passenger elevators. With the addition of the

44
Exhibit A - Fiscal Year 2002 Capital Budget Major Project Narrative (continued)

shuttle elevators, the main passenger elevators will be key controlled to no longer serve the two lower levels. This will allow the passenger elevators to more efficiently serve the upper floor by making the bridge level the lowest served floor.

2. Convert PHX from Unity to Invision RCO (meets non-ROI criteria) $1,397,000
   Unity is "rented" by PVH three years at a time. The current cycle is up on FY02. Unity is a product that will eventually be sunset. This project will standardize all UPHS hospitals on the same Patient Accounting software, allowing standardized reporting, and more efficient management.

3. Convert HUP Invision to RCO (meets non-ROI criteria) $990,000
   Converting HUP to RCO will simplify the maintenance of the system and allow combined reports to be produced across all entities.

4. Non-ARAMARK Cook Chill System Infrastructure (meets non-ROI criteria) $600,000
   The cost of the cook chill system will be borne by ARAMARK, however, UPHS will have to support some of the capital infrastructure costs to support this system.

NOTE: The resolution below, “A Resolution Declaring University’s Intent to Reimburse Capital Costs with Proceeds of Borrowings” was approved at the June 15, 2001 Stated Meeting, but was inadvertently omitted from the draft minutes that were subsequently approved at the Stated Meeting of the Trustees of the University of Pennsylvania on November 2, 2001. Per the Office of the General Counsel, this notice and the posting of the revised minutes on the University Trustee and Archive web sites shall be sufficient corrective action. (1/23/02)

Action………..17. A Resolution Declaring University’s Intent to Reimburse Capital Costs with Proceeds of Borrowings was approved as follows:

Intention:

The Trustees of the University of Pennsylvania (the “University”) is undertaking various capital projects described in Exhibit A (the “Project”). The administration of the University recommends that its Board of Trustees declare the University’s intent to reimburse expenditures for the Project with proceeds of borrowings, including tax-exempt debt obligations. Background on this resolution is provided in Exhibit B.

RESOLVED that the University hereby declares its intent under Treasury Regulation § 1.150-2 to use borrowings, including tax-exempt bonds, to finance
the capital costs of the Project, together with costs of issuance and reasonably required reserves, subject to the following conditions:

1. The maximum principal amount of tax-exempt bonds expected to be issued to finance the Project is $200,000,000.

2. Pending issuance of the tax-exempt bonds, the University may finance the Project with other funds which will be reimbursed with the proceeds of the tax-exempt bonds, provided that (a) the tax-exempt bonds shall not be used to reimburse any expenditure paid more than 60 days prior to the present date; (b) the tax-exempt bonds shall not be issued more than 18 months after the later of (i) the date of the first expenditure to be reimbursed with the proceeds of the tax-exempt bonds, or (ii) the date the Project is placed in service; and (c) in no event may the tax-exempt bonds be issued more than three years after the date of the first expenditure to be reimbursed with the proceeds of the tax-exempt bonds; and provided further that the limitations of this paragraph 2 shall not apply to qualified "preliminary expenditures" as permitted by Treasury Regulation § 1.150-2(f).

3. Issuance of the tax-exempt bonds shall be subject to documentation acceptable to the University providing for the tax-exempt bonds to be payable from the payments by the University.

6/15/01 - #17

EXHIBIT A

Project Description

The Project consists primarily of construction, renovations, improvements and equipment acquisitions at the University’s facilities in the Commonwealth of Pennsylvania, including the campus of the University in the City of Philadelphia, the boundaries of which are 41st Street on the West, 32nd Street on the East, Chestnut Street on the North and Civic Center Boulevard on the South, during fiscal years 2001 through 2005. The Project facilities will be used by the University in its activities as an independent, nonprofit institution of higher learning.

The Project is reasonably expected to include the following specific facilities together with others related thereto:

Biomedical Research Building 2/3 – Small Animal Imaging
Blockley Hall – Center for Bioinformatics
Carriage House
Civic Center Garage (University Avenue)
Background on Resolution Declaring Intent to Reimburse Capital Costs with Proceeds of Borrowings

The University’s lowest cost and most favorable source of capital is tax-exempt financing. The IRS has promulgated specific rules and procedures to enable eligible capital projects to secure tax-exempt financing. One of the basic principles of tax-exempt financing is that the proceeds must be traced to the expenditure of specifically identified assets. The IRS further requires that if an issuer wishes to borrow for expenditures prior to a tax-exempt borrowing, the governing board of such issuer declare its intent to borrow at the time of the expenditure. The benefit of declaring intent to borrow is that should the University secure external financing for any capital projects, the University could reimburse itself for these expenditures and use the proceeds immediately upon their delivery. The reimbursement resolution does not commit or authorize any borrowing by the University. If the University moves forward with long-term borrowing plans, the Budget and Finance Committee and Board of Trustees would need to approve such plans.

The financial management of the University recommends that this reimbursement resolution be adopted and a similar resolution be adopted each June when the capital plan is presented to the Budget & Finance Committee.

I. Development Committee—Mr. Michael Tarnopol

Mr. Tarnopol reported that fundraising is ahead of projections for this point in the fiscal year. As of May 31, gifts and pledges totalled $320,000,000 toward the University’s fundraising goal of $350,000,000. Receipts added to the University’s endowment through May totaled $83,000,000, and the fiscal year-end total will likely exceed last year’s $85,000,000. Cumulative fundraising for *Agenda for Excellence*
priorities stood at $922,000,000 as of May 31. At its recent meeting, the Development Committee discussed the structure and organization of the Health System’s development program in the context of the recent decision to create a new 501(c) (3) entity for Penn’s Health System. The Committee also discussed the University’s overall development objectives for the next two to three years. On behalf of the Development Committee, Mr. Tarnopol thanked the Trustees for their support and assistance.

J. External Affairs Committee—Ms. Pamela Petre Reis

Ms. Reis reported that the External Affairs Committee reviewed the draft of the communications plan with Ms. Lori Doyle, Director of Communications. Research used to frame the communications plan demonstrates that the American public is well disposed to higher education and wants to hear more from college presidents on the pressing issues of the day. The plan seeks to enhance the reputation of Penn and to differentiate it from our elite peers. The communication’s plan’s objectives include: positioning Penn as a leading university, increasing our international visibility, managing crises to minimize any negative impact to the University’s reputation, and assisting in our fundraising efforts. The committee expressed its support for the strategic direction of the plan and looks forward to assisting Ms. Doyle and her staff with its implementation.

Ms. Reis then reported that, according to an update from Ms. Carol Scheman, Vice President for Government, Community and Public Affairs, Penn recently received a 6.4 percent increase in its overall non-preferred appropriations from the State of Pennsylvania. This increase was significantly greater than the less than one percent increase that state institutions received this year.

Ms. Reis concluded her report by noting that the committee, which holds the license for WXPN, received an overview of the station’s current status from Mr. Vincent Curren, station manager. The committee heard from two students who spoke about their involvement in programming and new ventures at the station. Throughout the 2000-2001 academic year 140 students participated in one way or another at WXPN, an increase of about 15 percent over the previous year. Ms. Reis noted that, as a point of interest, both Leonard Lauder, former chair of the committee, and Andrea Mitchell, the committee’s current chair, are WXPN alumni.

K. Facilities and Campus Planning—Mr. William Mack

Mr. Mack reported that the Facilities and Campus Planning Committee met the previous day and agreed to meet once before the next full board meeting to accomplish the necessary work. Mr. Mack then reported that the committee received an update on the Hamilton Square Project and engaged in a long discussion of the challenges to complete the project and the steps that should taken in the future to ensure that particular fiscal difficulties will not be repeated. Overall, the project is already a great success for the campus and the students in the neighborhood and the committee hopes to finalize a
lease and open up the theater soon. The Fresh Grocer food market has been opened with a overhead garage that has a capacity of 750.

Mr. Mack also noted a presentation by Ellen Swige and Co. regarding the schematic design for the Life Science Quad for the School of Arts and Sciences, previously approved at $57,000,000. This presentation prompted a lengthy discussion on how the new building relates to the campus architecturally. The Committee felt strongly that anything built on campus should be consistent with the architectural environment and the overall Campus Development Plan.
L. Neighborhood Initiatives Committee—Mr. Gilbert Casellas

Mr. Casellas reported that the Neighborhood Initiatives Committee met the previous day and received an update. The new Penn-assisted pre-K through 8 school will partially open in September 2001, making public education a more viable option for University City parents. University City is noticeably cleaner and safer than it was five years ago, and the public’s perception has improved as a result. Home-ownership levels have increased significantly, housing prices are rising, yet still relatively affordable, and the rental-housing offerings have been improved. Samson Common is flourishing. The new market has opened to rave reviews and University City is well on its way to developing an environment where people feel safe and comfortable walking the streets day or night. The University’s purchasing activity with minority- and women-owned businesses and local businesses is at record-high and still growing. Furthermore, the way has been paved for University City to become an economic development hub for the life science and high technology businesses in Philadelphia. The University’s neighborhood initiatives have involved the administration as well as faculty and students.

M. Student Life Committee—Mrs. Susan Catherwood

Mrs. Catherwood reported that the Student Life Committee heard a presentation from Deputy Provost Peter Conn on Penn’s new Center for Undergraduate Research and Fellowship (CURF). CURF, located on the second floor of the Arch at 34th and Locust Walk, the former Christian Association building, opened in September 2000 to join two other student-led hubs, Kelly Writer’s House and Civic House. CURF’s mission is to provide enhanced opportunities for undergraduate individual and group research projects through grants and other funding support and to stimulate research colloquia. In addition, CURF, encourages and mentors Penn’s students so that they will be highly competitive for major national and international fellowships. This was a banner year for such fellowships, and the committee congratulates CURF for its part in this success.

N. Investment Board—Mr. David Silfen

Mr. Silfen reported that for the first 10 months of the fiscal year ending April 30, the endowment returned a positive 4.9 percent versus a benchmark loss at 6.6 percent representing out-performance of 11.5 percent. In addition, May was a very strong month with an estimated positive return of an additional 1.6 percent, bringing the University approximately to a 6.6 percent return with one month to go in the fiscal year. As a result, the Associated Investment Fund (AIF) has largely recovered versus its benchmarks over 3, 5 and 10 years. The Committee is confident that performance for the fiscal will put the University firmly in the top quartile year with regard to the University’s peer endowments of $1 billion or more.

Global equities, the asset class that currently constitutes about 53 percent of endowment, has had an excellent year with a return of just over 8 percent over ten
months, versus a loss of 14 percent for the Wilshire 5000. The international portfolio also performed quite well with a return of approximately 2 percent versus the Morgan Stanley index loss of about 17 percent. We continue to have a value bias with an underexposure to technology, and media and telecommunications, although we have mitigated this bias with certain portfolio changes over recent weeks.

Penn’s fixed-income investments now constitute approximately 20 percent of the portfolio. These had a very good return of approximately 11 percent, approximately 100 basis points above the benchmark. Within diversifying assets, which are currently 15 percent of the total, the University continues to have very good success with its absolute return investments in a variety of hedgefunds and market neutral investments, for a year-to-date return of approximately 13 percent. Within the excess-return area, we continue to add to our somewhat small private-equity portfolio, which now constitutes about 2.5 percent of the portfolio. We continue to look at incremental investments where appropriate.

Finally, in recent months, the Office of Investments has completed an infrastructure review and has also transferred the books and records of the endowment to an outside vendor, State Street Bank. Also, Edward Mathias, who has had a distinguished career both at T. Rowe Price and more recently at the Carlyle Group, will join the Investment Board. Mr. Mathias has significant knowledge of private equity, and the Committee looks forward to welcoming him.

O. Alumni Report—Mr. Leonard Shapiro

Mr. Shapiro reported that Bob Alig, C’84, WG’87 has been selected as Penn’s new Assistant Vice President for Alumni Relations and Executive Secretary for the University of Pennsylvania Alumni Society (UPAS). He acknowledged the Alumni Relations staff for their outstanding performance during the period of transition to new leadership.

Mr. Shapiro announced the new slate of candidates to fill one Middle Atlantic and two At-Large Alumni Trustee positions for five-year terms beginning January 1, 2002: Edward J. Mathias, C’64, of Bethesda, MD (Middle Atlantic); Paul S. Levy, L’72, of Scarsdale, NY (At-Large); and Dr. Susan C. Taylor, C’79, of Wynnewood, PA (At-Large). UPAS also recently completed the process of selecting its 2001 Alumni Award-of-Merit recipients: Edward B. Shils, W’36, G’37, Gr’40, L’86, GL’90, GrL’97; Herbert D. Katz, W’51; Norma Peden Killebrew, CW’61; and Melanie Franco Nussdorf, CW’71.

Mr. Shapiro then reported that through the tireless efforts of trustee Paul Williams, the Midwest Regional Advisory Board has been established with Marjorie Schaye, CW’75, as president and 24 founding members signing the incorporation documents. For Alumni Weekend in May, 7,500 alumni and their guests returned to campus. The numbers of those registering through the Office of Alumni Relations were up 25 percent over last year, largely the result of increased use of technology. The
Alumni Council on Admissions continues to interview record numbers of applicants; the process is both heartening and disheartening as the increase in the number of applicants and the high quality of our applicants also means that we must disappoint more and more alumni children.

IV. Appointments to Overseer and Other Boards—Mr. James Riepe

Action………..1. A Resolution on Appointments of Francis M. Milone, Esq. and Kenneth L. Tuchman, Esq. to the Board of Overseers of the Law School was approved as follows:

RESOLVED, that Francis M. Milone, Esq. and Kenneth L. Tuchman, Esq. be appointed to the Board of Overseers of the Law School for three-year terms, effective June 15, 2001.

Francis M. Milone, Esq, L’74, was appointed Chief Executive Officer of Morgan Lewis & Bockius in 1999 for a five-year term. Mr. Milone was Manager of Morgan’s Labor and Employment Law Section from 1995 to 1997. He served on the firm’s Governing Board and was the firm’s Managing Partner from January 1997 through September 1999. Prior to joining Morgan, Lewis & Bockius, he was an Associate at Montgomery, McCracken, Walker & Rhoads in Philadelphia. Mr. Milone is a member of Penn Institute for Law and Economics’ Board of Advisors. He received a Bachelor of Arts in Psychology from LaSalle and a Master in Science in Experimental Psychology from Pennsylvania State University.

Kenneth L. Tuchman, Esq., L’76, WG’76, is Vice Chairman and Managing Director of Dresdner Kleinwort & Wasserstein, a private equity firm in New York City. He is also Vice Chair of the Wasserstein Perella Foundation Trust, which supports the arts, services benefiting children, Jewish organizations and secondary school education in New York. Prior to joining Wasserstein, Mr. Tuchman was with Lehman Brothers where he served as Vice President from 1981 to 1984, Senior Vice President from 1984 to 1986, and Managing Director from 1986 to 1996. Mr. Tuchman is a former Director of Lehman Brothers Holdings plc and Parisian Corp. He received his Bachelors of Science from State University of New York,, Buffalo. At Penn, Mr. Tuchman served on his Law School Reunion Committees in 1996 and 2001. He is a member of the Wharton Fund’s Leadership Gift Committee.
**RESOLVED,** that Richard H. Sabot be appointed to the Board of Overseers of the School of Arts and Sciences for a three-year term, effective June 15, 2001.

Richard H. Sabot, C’66, is Co-Founder and Chairman of the Board of Eziba.com, a leading Internet retailer of handcrafted products from developing countries. In 1999, the site was named by *Time Magazine* as one of the best shopping sites on the Internet. Prior to this, Dr. Sabot was Co-Founder and Executive Vice President of Tripod, Inc., a high-tech firm whose website, Tripod.com was listed as one of the top 15 most-viewed Internet sites. Lycos acquired Tripod in 1998, and Dr. Sabot is now a Director of Lycos, Inc. He is also a member of the Board of Directors of Village Ventures and New Forum Publishers. Dr. Sabot is the Emeritus John J. Gibson Professor of Economics at Williams College, where he taught for 15 years and was Chair of the Center for Developmental Economics. He is a former Economics Advisor to the Executive Vice President of the Inter-American Development Bank and a former Senior Research Fellow at the World Bank, where he led World Bank research missions to Kenya, Tanzania, Colombia and Brazil. At Penn, Dr. Sabot received a Thouron Award and co-founded the Student Committee on Undergraduate Education. Dr. Sabot was a researcher at the Oxford Institute of Economics and Statistics and the International Food Policy Research Institute. He holds a Doctorate in Economics from Oxford University.

**RESOLVED,** that Dr. Katherine D. Crothall be appointed to the Board of Overseers of the School of Engineering and Applied Science for a three-year term, effective June 15, 2001.

Dr. Katherine D. Crothall, EE’71, is President and Chief Executive Office of Animas Corporation, a company she founded in 1996, which develops, manufactures and markets oxygen and glucose sensors, and insulin infusion pumps associated with diabetes. Prior to this, Dr. Crothall founded two other companies, Laakmann Optoelectronics and Xanar, which were subsequently sold to Johnson & Johnson. She began her career in 1971 with Hughes Aircraft. Dr. Crothall received her Master in Science and Doctor of Philosophy in Electrical Engineering from the University of Southern California.
Action………4. A Resolution on Appointment of Susanna E. Lachs, Esq. to the Board of Overseers of the University Libraries was approved as follows:

RESOLVED, that Susanna E. Lachs, Esq. be appointed to the Board of Overseers of the University Libraries for a three-year term, effective June 15, 2001.

Susanna E. Lachs, Esq. is Of Counsel for the Philadelphia-based law firm, Kaufman, Coren, Ress, and Weidman. Ms. Lachs serves on The Shipley School Board and was Co-Chair of its Leadership Gifts Committee in 2000. After attending Temple Law School, Ms. Lachs worked for several large law firms, including Cohen Shapiro. She graduated from the University of Pennsylvania College for Women in 1974 and went on to receive her Master’s Degree from the Annenberg School for Communication in 1976. She is a member of the Trustees' Council of Penn Women and served as Co-Chair of the Trustees Council’s Committee for the Advancement of Women from 1996 to 2000. She is also active with the Women’s Studies Advisory Board.

Action………5. A Resolution for Approval of the Membership of the Trustee Board of the Clinical Care Associates of the University of Pennsylvania Health System was approved as follows:

Intention:

WHEREAS, Section 4.02 of the Clinical Care Associates of the University of Pennsylvania Health System ("CCA") Bylaws provides for review and approval of the membership of the Trustee Board of CCA by the Health System Trustee Board Executive Committee and the University of Pennsylvania Board of Trustees;

RESOLVED, that the Board of Trustees of the University of Pennsylvania approves the membership of the Trustee Board of the Clinical Care Associates of the University of Pennsylvania Health System consisting of the following members:

Ronald B. Barg, M.D. (Ex-officio)
Kevin B. Mahoney (Ex-officio)
Robert D. Martin, Ph.D. (Ex-officio)
Raymond H. Welsh (Chairman)
[one vacant position]
Action……….6. A Resolution on Appointments of Lynn Axelroth, Esq. and Michael Kuritzkes, Esq. to the Board of Overseers of the Annenberg Center for the Performing Arts was approved as follows:

RESOLVED, that Lynn Axelroth, Esq. and Michael Kuritzkes, Esq. be appointed to the Board of Overseers of the Annenberg Center for the Performing Arts for three-year terms, effective June 15, 2001.

Lynn Axelroth, Esq. L’83, is a partner in the Real Estate Department of Ballard Spahr Andrews & Ingersoll, and a Managing Partner of the firm’s Philadelphia office. Ms. Axelroth is a member of the American College of Real Estate Lawyers and the American College of Construction Lawyers. She is also an Allied Member of the American Institute of Architects, the International Association of Attorneys and Executives in Corporate Real Estate, and a 1999 recipient of the Philadelphia Business Journal’s Women of Distinction Award. Ms. Axelroth is a member of the Executive Committee of the Central Philadelphia Development Corporation, Chair of the Board of the Foundation for Architecture, and a member of the Board of Independence Visitors Center. She has also served as General Counsel to Women’s Way. Ms. Axelroth received a Bachelor of Arts from Temple University in 1977 where she was a President’s Scholar. While at Penn, she was editor of the University of Pennsylvania Law Review.

Michael Kuritzkes, Esq., L’85, is Vice President & General Counsel of Sunoco, Inc., based in Philadelphia, where he served as General Attorney from 1997 to 2000. Prior to joining Sunoco, Mr. Kuritzkes was Vice President and General Counsel of Ultramar, Inc., a subsidiary of the Ultramar Corporation, which is now named Ultramar Diamond Shamrock. He was also the primary transactional attorney responsible for Ultramar’s 1992 initial public offering, as well as setting up its SEC reporting and compliance programs. Mr. Kuritzkes began his career with the New York law firm, Kaye, Scholer, Fierman, Hays & Handler, LLP. He then joined Battle Fowler for four and a half years before going to work for Ultramar. Mr. Kuritzkes is a member of the Executive Board of the Citizens’ Crime Commission of Delaware Valley and serves on the Board of Directors of the Hero Fellowship Foundation, which provides scholarships and financial assistance to local police and firefighters who were injured in the line of duty.

Action……….7. A Resolution on Appointment of Christine Hoban Berrettini to the Board of Overseers of the School of Social Work was approved as follows:

RESOLVED, that Christine Hoban Berrettini be appointed to the Board of Overseers of the School of Social Work for a three-year term, effective June 15, 2001.

Christine Hoban Berrettini is a practicing Social Worker and is currently working as a Research Consultant. Among her clients are the University of Pennsylvania
Department of Psychiatry and the Department of Psychiatry and Human Behavior at Thomas Jefferson University. Ms. Berrettini was a Grants Project Officer from 1989 to 1990 in the Epidemiological Branch of the National Institute on Alcohol Abuse and Alcoholism in Rockville, MD. From 1983 to 1989, she was a Research Social Worker in the Biological Psychiatry Branch of the National Institute on Mental Health in Bethesda, MD. Ms. Berrettini began her career in 1973 as a Grants Management Specialist at the National Institute on Alcohol Abuse and Alcoholism, until 1980 when she went to the Biological Psychiatry Branch of the National Institute on Mental Health as a Research Assistant. Since 1995, Ms. Berrettini has been a member of the Women’s Committee of the Pennsylvania Academy of the Fine Arts and Committee Head of the Baldwin Parents Association at the Baldwin School in Bryn Mawr. In 2000, she chaired “Lore Yao Dracula, the Action”, a benefit for the Pennsylvania Ballet and “Nutcracker Magic”, a fundraising event for the Ballet. Ms. Berrettini was a member of the Academy of Music’s Program Book Committee/Invitation Committee, for “The Restoration of the Academy of Music” Academy Ball in both 1998 and 2001. She received a Master in Social Work from Catholic University of America in Washington, D.C.

*Action*.........8. A Resolution on Reappointment of David J. McDonnell to the Board of Overseers of the School of Social Work was approved as follows:

**RESOLVED.** that David J. McDonnell be reappointed to the Board of Overseers of the School of Social Work for a three-year term, effective June 15, 2001.

David J. McDonnell, MSW’66, DSW’72, served as Chief Executive Officer of Preferred Health Care from 1992 to 1994, and also as President & Chief Executive Officer from 1988 to 1992 and Executive Vice President & Chief Operating Officer from 1984 to 1988. Mr. McDonnell was Regional Director of the New York State Office of Mental Health in Poughkeepsie from 1977 to 1984, Executive Director of the Dade County Mental Health Board in Miami from 1974 to 1977 and Director of Research at the National Association of Mental Health in Arlington, VA. He was a Captain in the U.S. Army from 1966 to 1969. Mr. McDonnell’s board activities include: Brown Schools in Austin, TX and Care Advantage, Inc. in Newark, NJ from 1994 to 1997. He was also a member of the Boards of Intecardia, Inc. in Chapel Hill, NC from 1994 to 1998 and Value Health, Inc. in Avon, CT from 1994 to 1997. Mr. McDonnell served on the Social Work Board of Overseers from 1991 to 1997.

For the record, Mr. Riepe acknowledged and welcomed the presence of overseer chairs and former trustees to campus yesterday and thanked the staff for coordinating and executing a very informative, successful program for these close friends of the University. Mr. Riepe reminded the Trustees of the upcoming celebration of the 125th anniversary of women on the Penn campus.
There being no further business before the board, the meeting was adjourned at 12:35 p.m.

Leslie Laird Kruhly
Secretary of the University