A Stated Meeting of the Trustees of the University of Pennsylvania was convened on Friday, February 21, 2003, at 11:05 a.m., in Woodlands CD, The Inn at Penn.


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

I. Call to Order—Mr. James Riepe

A. Invocation—Rev. William Christian Gipson

Mr. Riepe thanked Reverend Gipson for the exceptional care he has shown, working with and helping the students through these very difficult times.

B. The minutes of the meeting of November 1, 2002, were approved as previously distributed.

II. Chair’s Report—Mr. James Riepe

The following resolutions were presented and approved (full resolution texts are appended)

Action 1. Resolution to Name the Matthew J. Ryan Hospital for Companion Animals of the University of Pennsylvania
Action 2. Resolution of Appreciation for Charles A. Heimbold, Jr., Esq., L’60

Action 3. Resolution of Appreciation for Lynda Barness, Gr’72

III. President’s Report—Dr. Judith Rodin

A. Comments

Dr. Rodin reported on the intellectual richness of life at Penn. Recent speakers included Salmon Rushdie, Chinua Achebe and Justice Antonin Scalia. A three-week celebration of Dr. Martin Luther King Jr.’s birthday included a symposium on social change featuring NAACP chairman Julian Bond; Dorothy Cotton, a civil rights activist whose focus is Dr. King's educational thought; and Penn's own Cliff Stanley.

Dr. Rodin spoke about campus facility improvements that enhance the learning environment at Penn. The completion of Levine Hall was expected before the full board meeting in June. This will allow for the opening of the Weiss Technology Hub, which will join Kelly Writer’s House and Civic House as thematic meeting and learning spaces for students. The opening in the fall of Huntsman Hall, the Schattner Center, the Pottruck Center, the Carriage House, and the Bridge Cinema have all enriched the academic and extracurricular life of the university.

Dr. Rodin announced the appointment of Marjorie Jeffcoat as the Dean of the School of Dental Medicine and Richard Gelles as the permanent Dean of the School of Social Work.

Dr. Rodin reported that Governor Rendell has initiated discussions about how universities and colleges can contribute to the economic development of the Commonwealth and what the Commonwealth can do reciprocally to assist the growing needs of these institutions. Keystone Innovation Zones, a product of the discussion, represent an opportunity for universities and colleges to develop the areas around their campuses for research innovation transfer. Penn, University of Pittsburgh, Penn State University, and Carnegie Mellon University are collaborating together in a statewide effort on terrorism. Dr. Rodin stated that she felt very positively regarding the new collaborative efforts between Commonwealth institutions.

Dr. Rodin commented on other collaborative efforts underway between the university and the city of Philadelphia. She is chairing an initiative to attract, recruit, and retain educated individuals to the Philadelphia region and give them the opportunity to give back to the development of our region.
B. Academic Report—Dr. Robert Barchi

Dr. Barchi echoed Dr. Rodin's enthusiasm at the recruitment of Marjorie Jeffcoat and the permanent appointment of Richard Gelles. He reported that GSE had enrolled its first cohort of 22 executive Ed.D. candidates in its new K-12 leadership program. GSE had also entered an exchange relationship with Beijing University in which Ed.D. students from Beijing would have the opportunity to come to Penn for some of their courses and vice versa.

Dr. Barchi reported that Wharton has been ranked the number one MBA program in the world, for the third consecutive year, by the *Financial Times*. Penn also continued to garner honors and awards. Ralph Brinster, the Richard King Mellon Professor of Reproductive Physiology at the veterinary school, has recently been awarded the Wolfe Prize in medicine for his creation of transgenic animals. Adam Stimmler, a senior in the Huntsman Program in International Studies and Business, has been named a Marshall Scholar. He is the third Penn student in four years to win the Marshall.

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

Action 1. Resolution on Appointments, Leaves and Promotions

C. Financial Report—Mr. Craig Carnaroli

Mr. Carnaroli reported that for the first six months of the new fiscal year, total net assets decreased $122.8 million or 2.4% to $5.0 billion dollars. This was principally due to a net loss on investments. The university’s net assets from operations declined $8.7 million compared to an increase of $3.1 million for the prior period.

Mr. Carnaroli commented next on the academic component of the university. Total net assets decreased by $91.5 million, or 2% since June to $4.6 billion. Net assets from operations increased $9.9 million, compared to an $8.1 million decrease for FY02. Total revenue and other support increased 11.2% over FY02 to a total of $845.3 million. This was principally due to increases in sponsored program activities and growth in programs resulting in incremental tuition and fees. Total expenses increased 8.8% over the same period. Contributions, both operating and non-operating, had increases of $5.7 million and $36.9 million respectively for an overall increase of $42.5 million or a 60% increase over the past six-month period ending December 31, 2002. The total endowment decreased from $2.841 billion to $2.74, a decrease of $100 million.
Mr. Carnaroli then reported on the health service component. Overall utilization at the four hospitals remained strong, with adult inpatient admissions increasing 3.6% for the six-month period, and an overall increase in outpatient activity as well. Total net assets declined $31.2 million or 6.4% since June 30, 2002, principally due to unfavorable third-party settlements, occurring in December. Unrestricted liquidity declined slightly from 86 to 75.8 days-cash-on-hand. Days-in-accounts-receivable remained constant at 75 days.

D. Penn Medicine Report—Dr. Robert Barchi

On behalf of Dr. Arthur Rubenstein, EVP of the Health System, Dr. Barchi reported that the School of Medicine and the Health System's strategic planning project should be ready for the trustees' review at the June 2003 meeting. This project is being conducted in close conjunction with the university's strategic plan.

Dr. Barchi commented on the School of Medicine's continuing popularity. There was a 10% increase in the number of applications over the previous year, with approximately 5,000 applications for the 150 available slots. The male-to-female ratio is roughly 1:1, about 10% underrepresented minorities and 8% combined degree candidates.

Dr. Barchi stated that preparations had been made for possible bioterrorism attacks, but the Health System was prepared as well for natural disasters. During the snow emergency the emergency command center sent out four-wheel drive vehicles to ensure that the staff was in. He reported proudly that at the height of the storm HUP successfully completed both heart and liver transplants.

Dr. Barchi reported that Penn Medicine's research grants grew 16% last year. He also announced a gift to the School of Medicine of $10 million from GlaxoSmithKline to be used for advanced drug research.

IV. Committee Reports

A. External Affairs—Mr. Leonard Lauder

Mr. Lauder noted that the new manager of WXPN, Roger Lamay, has been introduced to the committee and he reported on the potential move of WXPN to the Hajoca building. It has been agreed that this would benefit the university, student body, and WXPN.

Mr. Lauder commented that the university was working very hard with the Commonwealth on issues of funding. It is expected that the university will
receive an increase in research funding from the federal government this year. The university is not expecting notable increased funding in other areas. Mr. Lauder encouraged everyone to check out the new web site, Research at Penn.

Mr. Lauder commended Lori Doyle for her success with instituting a uniform logo throughout the schools of Penn. Thanks were also extended to David Montgomery and Andrea Mitchell for their work finding new leadership for WXPN.

B. Academic Policy—Mr. Thomas Ehrlich

Mr. Ehrlich reported that the committee had discussed with the Provost and Vice Provost the best implementation of the strategic plan to provide a continuum of education that engages learners throughout their lives and careers. One of the major opportunities to expand existing offerings to non-traditional students and earn substantial revenues is in professional certification programs paid for by employers. Concerns were voiced about facilities, faculty appointments, and Penn's lack of any central "presence" in the area of non-traditional education. Also discussed was the importance of focusing attention on standards of quality and enforcing them across all non-traditional programs offered by Penn.

C. Audit & Compliance—Mr. Paul Kelly

Mr. Kelly reported that the committee had met with representatives of the financial staffs of both the university and health system to review the financial statements of both entities for the most recent three- and six-month periods, ended December 31, 2002. Outside auditors, PricewaterhouseCoopers, assisted in this review. Rick Whitfield gave an update on the activities of the Office of Audit and Compliance to the committee. PricewaterhouseCoopers briefed the committee on the financial reporting requirements for publicly held companies instituted by the Sarbanes-Oxley Act. The committee appointed a sub-committee to consider how these new guidelines may be applicable to a non-profit such as Penn. This is an exercise currently being undertaken by all of Penn's peer non-profit institutions.

The following resolutions were presented and approved (full resolution texts are appended)

Action 1. Resolution on Engagement of the Independent Accountant

D. Budget & Finance—Mr. Mitchell Quain
Mr. Quain reported that the committee had met and reviewed the six-month results to date for the consolidated University, the academic component and the health services component. Actual results were compared to both the budget and the previous year. The committee heard a financial and strategic review of the Wharton School by Dean Pat Harker.

The following resolutions were presented and approved (full resolution texts are appended)

**Click here for full texts of resolutions**

**Action 1.** Resolution to Authorize the Design and Construction of the Harrison College House Renovation Project in the Amount of $26.0 Million

**Action 2.** Resolution to Authorize the Design and Construction of Annenberg Plaza Improvements in the Amount of $3.9 Million

**Action 3.** Resolution to Authorize the Revised Scope and Budget of the CMK (C. Mahlon Kline) Building Interior for the School of Veterinary Medicine in the Amount of $2.34 Million

**Action 4.** Resolution to Authorize the Design and Construction of Annenberg School for Communication Classroom Renovations in the Amount of $1.775 Million

**Action 5.** Resolution to Authorize the Design and Construction of the Steinberg Hall-Dietrich Hall HVAC Renovations in the Amount of $1.5 Million

**Action 6.** Resolution to Authorize Design and Construction for the Replacement of Williams Hall Windows in the Amount of $1.2 Million

**E. Development—Mr. Michael Tarnopol**

Mr. Tarnopol happily reported that development projections for this point of the fiscal year are being exceeded and that a record-setting year is anticipated. Much of this is due to the generous gifts given last fall by the Annenbergs. A presentation was given to the committee on the recently completed medical center fundraising assessment. The committee was also updated on the progress being made in the search for a new Vice President for Development of Alumni Relations.
On behalf of the committee, Mr. Tarnopol thanked the University’s trustees for their support and assistance.

**F. Facilities and Campus Planning—Mr. William Mack**

Mr. Mack reported on the two architectural presentations given to the committee. Architects Tod Williams and Billy Tsien gave the first presentation. They presented schematic drawings for Skirkanich Hall, the new bioengineering building. The new building will connect the Towne and Moore buildings, increasing the interaction between the different departments of the Engineering School. The building’s design will feature an entrance on 33rd Street, which will give the School of Engineering a more inviting and open appearance.

The second presentation, given by Dan Kelley from MGA Partners, was on the renovation of Hamilton College House currently in progress. Work on the building includes new window, repairs to the façade, improvements to the public spaces and elevators, and new furniture for all the student rooms.

Mr. Riepe acknowledged the leadership and generosity of Alan Hassenfeld in his significant role in creating the Fisher-Hassenfeld College House and renovating the Quad.

**G. Neighborhood Initiatives—Mr. Gil Casellas**

Mr. Casellas spoke about Dennis Culhane’s report to the committee on an innovative research tool that archives city administrative data from diverse city agencies to support research and planning. The application is the result of a partnership between Penn and the city of Philadelphia, an example of how faculty research is expanding our knowledge and understanding of critical urban issues at both the neighborhood and city levels.

Mr. Casellas reported next on Dean Susan Fuhrman's update on the Penn Alexander School and GSE’s work with the three partnership schools. The Penn partners at the Penn Alexander School are not only GSE students and faculty, but represent a broad segment of the Penn community: nursing students, Penn athletes, social work, and Penn Police.

Mr. Casellas shared Maureen Rush's positive comments on the work of Public Safety. Details were given of the new "Share the Road" program to improve safety among motorists and bicyclists on West Philadelphia streets. An overall decrease in crime over the last six years of 31% was also reported.
Mr. Casellas commented on the initial success of the 40th Street retail area. The Bridge Cinema is already exceeding National Amusements' projections for the first quarter. The FreshGrocer is also doing very well, performing at a level of revenue per square foot that matches that of a Manhattan grocery.

H. Student Life—Mrs. Susan Catherwood

Mrs. Catherwood reported on the committee's discussion of campus hubs and how they nurture and support the cultural and educational life of Penn students. Mr. Ty Furman, Coordinator of Student Performing Arts, gave a presentation on a proposed performing arts hub, to be located in the lower level of Stouffer College House. Contingent upon funding, the performing arts hub would allow for both the consolidation and expansion necessary to support Penn's 43 performing arts organizations.

Mrs. Catherwood stated that there was also a discussion of Penn's "secret societies." The committee learned about Penn's institutional mechanisms for dealing with any student whose conduct is in transgression of any particular institutional or constitutional law.

I. Investment Board—Mr. Howard Marks

Mr. Marks reported that the second half of 2002, which is the first half of fiscal 2003, was a very difficult period. All major equity markets declined substantially; Penn's benchmark, the Wilshire 5000, was down 17% percent in the third quarter. Thanks to diversification and superior management, Penn's funds declined only 4.1%. Calendar 2002 closed with a total loss of 5.1% versus the 9% loss of our benchmark. Over the last 2.5 years the endowment has earned 2%, which compares very favorably with peer endowments, some having lost over 10%. Despite bad times, Penn's endowment continues to be relatively well positioned.

J. Alumni Report—Mr. Paul Williams

On behalf of UPAS Chair Leonard Shapiro, Mr. Williams reported on updates received on various initiatives and programs of the Alumni Society and Alumni Relations staff. The effort to form a student alumni society is progressing well, and several activities have already been scheduled. Alumni Weekend is scheduled for May, immediately preceding commencement. This weekend the 4s and 9s will be celebrating their class reunions.

Mr. Williams cited the efforts of three Penn alumni-- Elizabeth Cooper, Darius Tredwell, and Lolita Jackson-- for galvanizing interest among alumni of color.
and Hispanic origin. Their initial fundraising ambition was "250,000 in 5" years. Their success has been incredible, achieving over $800,000 in the first five years.

Mr. Williams concluded with the plan for the Alumni Society’s retreat, scheduled for April 4th and 5th. At the retreat, attention will be focused on building bridges to alumni worldwide, enticing them to reconnect with Penn and to support Penn into the future.

V. Appointments to Overseer and Other Boards - Mr. Riepe

Mr. Riepe welcomed new trustees Deborah Marrow, Lee Spelman Doty, and Vernon Hill.

The following resolutions were presented and approved (full resolution texts are appended)

Action 1. Resolution to Appoint the 2003 Slate of the Board of Managers of the Wistar Institute

Action 2. Resolution to Appoint Helene D. Gayle, M.D., M.P.H., to the Penn Medicine Board

Action 3. Resolution to Appoint Beverly C. Chell to the Athletic Department Advisory Board

Action 4. Resolution to Appoint Paul E. Shapiro, Esq., and to Re-appoint Glen A. Tobias, Esq., to the Board of Overseers of the Law School

Action 5. Resolution to Appoint Andre Schiffrin to the Board of Overseers of the University Libraries

Action 6. Resolution to Appoint Christopher J. Carrera, Dr. Daniel E. Dosoretz, and George Herbert Walker IV to the Board of Overseers of the School of Arts and Sciences

Action 7. Resolution to Appoint Judith E. Fellheimer, Esq., to the Board of Overseers of the School of Social Work

Action 8. Resolution to Appoint Dr. Marie A. Savard to the Board of Overseers of the School of Nursing
VI. Adjournment

There being no further business before the board, Mr. Riepe adjourned the meeting at 12:00 PM.

Respectfully submitted,

Leslie Laird Kruhly
Secretary, University of Pennsylvania