Minutes of the Stated Meeting of the Trustees of the University of Pennsylvania
November 7, 2003

A Stated Meeting of the Trustees of the University of Pennsylvania was convened on Friday, November 7, 2003, at 11:30 in Woodlands AB at 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.

Mr. Riepe called the meeting to order and welcomed everyone, particularly those members of the Trustees' Council of Penn Women who were in attendance. He also acknowledged Natalie Koether's passing with sadness. The Reverend William Gipson gave the invocation. The minutes of the June 20, 2003, meeting were approved as distributed.

Chair's Report

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

- Memorial Resolution for Natalie I. Koether, Esq. (page 1)  
  
  Click here for full text of resolution

The resolution was presented to Paul Koether, husband, and Jennifer Healey, daughter, of Natalie Koether. Mr. Koether expressed his appreciation for the remembrance of his wife and the hope that her family would continue her devotion to Penn.
Mr. Lauder thanked Mr. Riepe and commented that he knew no greater or more dedicated group than the trustees, faculty, staff and administration of the University of Pennsylvania.

Mr. Montgomery stated that he had appreciated this opportunity to get to know the University better and looked forward to a continued involvement with the University.

Ms. Berkowitz accepted the resolution on behalf of the Executive Committee of 125 Years of Women at Penn and the authors of Franklin's Daughters and thanked the trustees and Dr. Rodin for their support.

Nominating Report

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

- Resolution to Elect Alan G. Hassenfeld as a Term Trustee (page 7)
- Resolution to Re-elect Mitchell J. Blutt (page 8)
- Resolution to Re-elect Mitchell I. Quain (page 9)
- Resolution to Re-elect David M. Silfen (page 10)

Mr. Riepe commended the above trustees for their exemplary performance and continued dedication to Penn.

President's Report

Dr. Rodin reported that two noteworthy developments on campus originated in the Graduate School of Education. A federal grant of almost $6 million was received to develop an integrated, evidence-based curriculum for preschoolers in Head Start classrooms nationwide. A conference was hosted by GSE on building university-assisted public schools, during which the Penn Alexander School was seen as a national model for such schools.

Dr. Rodin noted that Penn's West Philadelphia Initiatives had been awarded the Urban Land Institute's 2003 Award for Excellence. The criteria for this award were excellence in design, construction, finance and enhancement of the quality of community life.
Dr. Rodin announced that Sarah Kagan, Associate Professor of Gerontological Nursing, was among the 2003 MacArthur Award recipients. She noted that Penn's undergraduates were the recipients of many awards including Fulbright Fellowships, Gates Cambridge Scholarships, Goldwater Scholarships, and Thouron Fellowships.

Dr. Rodin commented on current and upcoming facilities projects. Dedications were held this fall for Steinhardt Hall, the new home for Penn Hillel, and the Weiss Tech House in Levine Hall. She reported that ground had been broken for Skirkanich Hall and phase one of the Life Sciences Building. She reported that designs for the McNeil Center for Early American Studies and the School of Veterinary Medicine Teaching and Research Building were underway.

Academic Report

Dr. Barchi announced the appointment of Dr. Perry Molinoff as the new Vice Provost for Research. He also announced the recruitment of several faculty members in the School of Arts and Sciences.

Dr. Barchi reported that the College was in the fourth year of a five-year Pilot Curriculum Experiment. The first full class of pilot curriculum students will graduate in the spring of 2004. He noted that a faculty committee continued to carefully assess the progress of the pilot program and its students.

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

- Resolution on Appointments, Leaves and Promotions (page 11)

Financial Report

Mr. Carnaroli reported that, despite an uncertain economic climate, the consolidated University achieved positive financial performance. Total net assets increased $172.2 million during the fiscal year. The University's revenue increased $245 million or 7.4% to over $3.58 billion. Total gifts and pledges, excluding private grants, approached $247 million in FY03. Operating contributions grew $7.7 million or 8.3% over FY02. Non-operating contributions and gifts for endowment and capital exceeded $146 million.

Mr. Carnaroli also reported the consolidated university achieved a positive increase in net assets from operations, although results had declined $9.3 million from FY02. The decline was attributed to higher insurance and utility costs at the University and higher Health System operating costs due to employee benefit costs, principally pension and malpractice expenses. He reported that for the third consecutive year the Health System had generated positive net income from operations as well as growth in its inpatient and outpatient activity.

The university's endowment performed well despite the volatile financial markets, and achieved a return of 4.7%, which exceeded its composite benchmark of 3.6%. Short-term
working capital measured by operating cost grew to $78.8 million. Days-in-accounts-receivable for the Health System declined to 73.6 days at June 30, 2003.

He noted that the University continued to retire its long-term debt. Approximately $57.8 million was retired during the course of FY03. Cash flow from operations grew $49.5 million to a total of $315.5 million and capital investment was down from FY02 by $275 million.

**Penn Medicine Report**

Dr. Rubenstein reported that implementation of Penn Medicine's strategic plan continued and that significant progress had been made on efforts to achieve leadership and excellence in research, education, and patient care.

**Committee Reports**

*Audit and Compliance*

Mr. Kelly began his report by thanking the staffs of the financial offices of the University and the Health System and the office of Audit and Compliance for their excellent work completing the numbers for FY03. He addressed questions raised previously by trustees on the Sarbanes-Oxley Act and assured them that with the assistance of PriceWaterhouse Coopers, the University's outside auditor, the University's practices position it very well in regard to its peer group.

Mr. Kelly reported that the auditors had completed the audited financial statements in accordance with Generally Accepted Accounting Principles (GAAP) and had received unqualified opinion letters to this effect. He presented the recommendation of the committee that the trustees accept the audited figures as presented.

*Academic Policy/Neighborhood Initiatives*

The Academic Policy and Neighborhood Initiatives committees held a joint meeting. Mr. Ehrlich, chair of Academic Policy, gave the report. He stated that presentations were given on the growing set of issues besetting urban areas in the United States and abroad. He reported that Dr. Rodin and her colleagues have planned a new Urban Institute to take advantage of Penn's unique urban situation and experience.

Mr. Ehrlich reported that the Academic Policy Committee also reviewed and discussed a proposal for a Master of Science program in Translational Research. He noted that the program was designed for people who had already earned a Ph.D. or M.D. and would help to bridge the gap between research and patient care and medical education.

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

[Click here for full text of resolution]
• Resolution to Establish a Master of Science Program in Translational Research (page 45)

**Budget & Finance**

Mr. Clark reported that the committee had reviewed the audited financial results of the consolidated University academic and health care components for the fiscal year ended June 30, 2003. He reported that they had also reviewed the results for the first three months ended September 30, 2003.

Mr. Clark noted that the committee had reviewed and approved resolutions for the design and construction of two buildings.

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

- Resolution to Authorize the Design and Construction of Renovations to Bennett Hall -- Phase I in the Amount of $16.4 Million (page 46)
- Resolution to Authorize the Design and Construction of the Learning Resource Center in the Amount of $2.043 Million (page 47)

**Development**

Mr. Tarnopol reported the final results for fundraising in FY03: $465 million in new gifts and pledges, and cash receipts of $400 million, a new record for the University. He noted that Wharton had finished their seven-year campaign, exceeded their stretch goal by 5% and raised almost $446 million. He commented that FY04 was off to a good start with new subscriptions running close to projections and cash receipts running ahead. He thanked trustees who had already participated in or have scheduled feasibility interviews, a critical part of campaign planning and goal-setting.

**External Affairs**

Mr. Lauder presented the report on behalf of Committee Chair Andrea Mitchell. Mr. Lauder noted that the sitting city mayor John Street had been re-elected and that a continuity in city government would probably benefit the University. He commented that Lloyd Horwich, the new Director of Federal Relations, had given a report regarding a new group of bills in front of Congress. The Federal Relations Department was working with Congress to express the University's views on the issues of tuition increases, admissions policies that are unfair to minority and low-income students, and the liberal bias in academia that precludes a full and fair discussion of issues, all points covered by the legislation.

Mr. Lauder reported on information received from the Office of International Programs regarding the admission of international students. He noted that there had been great
concern regarding the possible effect of the Patriot Act on international admissions and reported that there had been some delays with visas, but otherwise was no great impact.

Mr. Lauder commented that reports had also been given on the Penn Athletics brand initiatives and on the syndicated radio program “Justice Talking.”

**Facilities & Campus Planning**

Mr. Mack reported that in addition to the award from the Urban Land Institute for the West Philadelphia Initiatives, Penn was the recipient of the 2003 EPA Green Power Partner Award. He also reported that the architects of Skirkanich Hall and the new School of Veterinary Medicine Teaching and Research Building had presented updates.

**Student Life**

Mrs. Catherwood reported that the discussion of campus alcohol and drug abuse was continued from the June 2003 meeting, including the possible mandating of alcohol and drug abuse education for first-year and transfer students.

Mrs. Catherwood noted that the presidents of the Inter-fraternity Council, Panhellenic Council and the Bicultural Inter-Greek Council (Big C) were present to discuss fraternity and sorority issues on campus. She reported that the discussion focused on the Greek Program for Excellence, University chapter house maintenance, and strategies for increasing faculty involvement in Greek programs.

**Investment Board**

Mr. Marks reported that for the third consecutive difficult year the University's investments had produced a positive return. The return for FY03 was not great, but had out-performed the benchmarks of the University's peer group. He reported that in the first quarter of FY04 the endowment had produced a gain of 3.7%, almost equal to the total gain of FY03.

**Penn Alumni**

Mr. Williams reported that the Alumni Trustees had not met at this round of meetings. He announced the anticipated election of two new alumni trustees, William Egan, serving the Northeastern region, and Katherine Stein Sachs for the Metropolitan Philadelphia region. He praised their predecessors Alan Hassenfeld and David Montgomery for their outstanding service and philanthropic support.

Mr. Williams noted that there would be two events that evening at the National Constitution Center, a celebration of the tenth anniversary of the Brister Society and the Penn Alumni Gala.

**Appointments to Overseer and Other Boards**
The following resolutions were presented and approved (full resolution text is appended).

- Resolution to Appoint Rosemary Mazanet, M.D., Ph.D., to the Penn Medicine Executive Committee (page 48)

- Resolution to Appoint Peter Shedd Reed and Richard Rosan to the Board of Overseers of the School of Design (page 49)

- Resolution to Appoint Dr. Linda G.J. Gilliam to the Board of Overseers of the School of Dental Medicine (page 50)

- Resolution to Appoint Jeffrey L. Seltzer to the Board of Overseers of the University Libraries and to appoint Joseph Glossberg as Overseer Chair Emeritus (page 51)

- Resolution to Appoint Ronnie Friedman Wiener to the Board of Overseers of the Institute of Contemporary Art (page 52)

- Resolution to Appoint Paul S. Greenberg and Dr. David M. Magerman to the Board of Overseers of the School of Engineering and Applied Science (page 53)

- Resolution to Appoint Pamela F. Craven to the Board of Overseers of the Law School (page 54)

- Resolution to Appoint Michael Kuritzkes, Esq., as Chair of the Board of Overseers of the Annenberg Center for the Performing Arts (page 55)

- Resolution to Appoint Susan C. Taylor, MD, to the WXPN Policy Board (page 56)

- Resolution to Appoint David W. Sweet, Esq., to the WXPN Policy Board (page 57)

The meeting was adjourned.

Respectfully submitted,

Leslie Laird Kruhly