Minutes of the Stated Meeting of the Trustees
of the University of Pennsylvania
June 18, 2004

A Stated Meeting of the Trustees of the University of Pennsylvania was convened on Friday, June 18, 2004, at 11:15 am in the Bodek Lounge of Houston Hall.


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. He welcomed and introduced two new trustees, Bill Egan and Michael Karp. The Reverend William Gipson gave the invocation.

Chair’s Report

The minutes of the February 20, 2004, meeting were approved as distributed.

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

- Memorial Resolution for Ralph Landau (page 1)

Mr. Riepe presented a copy of the resolution to Dr. Laurie Landeau, Dr. Ralph Landau’s daughter. Dr. Landeau thanked the trustees for the tribute to her father. She noted that her father’s scholarship to Penn was one of the most important things in his life and that he never forgot Penn or the opportunities that he was given at the university.

- Resolution of Appreciation for Stephen Wynn (page 2)
Vice Chairman’s Report

- Resolution to Reelect James S. Riepe as Chair of the Board of Trustees (page 3)

Nominating Committee Report

- Resolution to Reelect Jon M. Huntsman and Michael L. Tarnopol as Vice Chairs of the Board of Trustees (page 4)
- Resolution to Elect the Executive Committee (page 5)
- Resolution to Appoint the Investment Board (page 6)
- Resolution to Elect William P. Lauder as a Term Trustee (page 7)

Mr. Riepe welcomed William Lauder to the Board of Trustees.

President’s Report

Dr. Rodin began by noting how much she had enjoyed working with the trustees and loved being the President of the University.

Dr. Rodin commented on the success of Commencement. She stated that there were an impressive number of media hits, that more than 250 national and international media outlets reported it, and that the live webcast had more than 3,000 hits.

Dr. Rodin reported briefly on a number of awards won by members of the Penn community, which included Goldwaters, Mellons, National Science Foundation Fellowships, and an international Rhodes Scholarship.

Dr. Rodin also reported on the progress of the West Philadelphia Initiatives. She noted the opening of several new restaurants and stores, as well as the reopening of the West Philadelphia branch of the Free Library. She commented on the work of PennPraxis and the efforts to engage community leaders, merchants, residents, and students in the process of shaping the 40th Street corridor. She also noted the progress of the Institute for Urban Research, which is capitalizing on the success of the West Philadelphia Initiatives.

Dr. Rodin stated that the Undergraduate Financial Aid Campaign had reached the $200 million mark and thanked everyone for their contributions and support.

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

- Resolution of Appreciation for Robert L. Barchi (page 8)

Dr. Barchi thanked the trustees and Dr. Rodin for their support, guidance, and friendship over the past five and one half years.

Academic Report
Dr. Barchi reported that he had inaugurated the Provost’s Award for Distinguished PhD Teaching and Mentoring the previous month. The award recognizes excellence in the teaching and mentoring of doctoral students. He announced that the first recipients were Dr. Stuart Currin and Dr. Amos Smith.

Dr. Barchi called to the attention of the trustees two books published by the University Press that were at each place at the table: *Negro League Baseball, The Rise and Ruin of a Black Institution* by Neil Lanctot and *Understanding Terror Networks* by Marc Sageman.

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

- Resolution on Faculty Appointments, Leaves and Promotions (page 9)

**Financial Report**

Mr. Carnaroli reported that there was strong continued revenue growth in both the academic and health system portions of the University.

Mr. Carnaroli noted that the endowment was nearing $4 billion. He reminded the trustees that ten years ago the endowment was slightly under $1 billion and that it had almost quadrupled since. The success of the endowment was due both to philanthropy and the highly successful performance of investments.

Mr. Carnaroli commented that the health system continued its strong positive performance. He commended the strong leadership of Arthur Rubenstein and Ralph Muller.

**Penn Medicine Report**

Dr. Rubenstein thanked Dr. Rodin on behalf of the faculty, students and staff of Penn Medicine for her vision and support of Penn Medicine. He reported that the health system’s financial and operational performance continues to be amongst the best in the country.

**Admissions Report**

Dean Stetson reported on the incoming class of 2008. He noted that this was the strongest pool of applications yet, with an admit rate of 21%. The class is 50/50 men and women and 38% are students of color. He commented that the admissions staff continues to make diversity a priority issue. He reported that the average SAT score was five points higher than last year, increasing to 1414 this year compared to 1350 ten years ago. Dean Stetson thanked Drs. Rodin and Barchi for the support they had given to the Admissions Office.

Mr. Riepe congratulated Dean Stetson on another wonderful class.
Committee Reports

Academic Policy

Dr. Marrow presented the report for Mr. Thomas Ehrlich, who was unable to attend the meetings. She reported that the committee had engaged in a lively discussion of undergraduate research opportunities. She noted that increasing the opportunities for undergraduates to engage with faculty researchers is an objective of the University’s strategic plan. She reported that the committee had heard presentations from four undergraduates about their research efforts. Dr. Marrow also noted that the Center for Undergraduate Research and Fellowships was to be credited for their efforts to facilitate student research. She also reported a focus on the challenges that Penn faces in expanding undergraduate research opportunities, including the need to agree on a definition of research.

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

- Resolution to Dissolve the Department of Asian and Middle Eastern Studies and to Reconstitute it as Two Separate Departments: The Department of East Asian Languages and Civilizations and The Department of Near Eastern Languages and Civilizations (page 27)

- Resolution to Merge the Departments of Restorative Dentistry, Pediatric Dentistry, and Community Oral Health into a Single Department: The Department of Preventive and Restorative Sciences (page 29)

Audit and Compliance

Mr. Kelly reported that the committee had received an update from the Office of Audit and Compliance on the Work Plan proposed for FY2005. He also reported that the committee had received reports from the finance offices of the University and Health System on progress on the recommendations of the management letters and implementing accounting system enhancements recommended by the outside auditors. He stated that the auditors from PricewaterhouseCoopers had reported that the audit of FY2004 was underway and proceeding smoothly.

Mr. Kelly concluded by thanking the Office of Audit and Compliance for its exceptional service during the past fiscal year and to the staffs of the University and Health System for the continued progress in the upgrading of their financial reporting and control systems.

Budget and Finance

Mr. Clark reported that the committee had reviewed the university and health system’s unaudited financial results for the ten months ended April 30, 2004. Also reviewed were the operating and capital budgets for the University and the health system for FY2005.
The following resolutions were presented and approved (full resolution text is appended).

- Resolution to Authorize the Fiscal Year 2005 Operating Budget for the University of Pennsylvania (page 30)

- Resolution to Authorize the Fiscal Year 2005 Capital Plan for the University of Pennsylvania (page 31)

- Resolution to Authorize the Fiscal Year 2005 Operating Budget for the University of Pennsylvania Health System (page 32)

- Resolution to Authorize the Fiscal Year 2005 Capital Budget for the University of Pennsylvania Health System (page 33)

- Resolution to Authorize a Lease for the Annenberg Public Policy Center at 3535 Market Street with a Total Lease Obligation (Present Value) of $1.218 Million Inclusive of Upfront Costs Estimated at $430,020 and a Term of 5.3 years (page 34)

- Resolution to Authorize the Revised Scope and Budget for the Design and Construction of Skirkanich Hall in the Amount of $4.2 Million for a Total Revised Budget of $42.2 Million (page 35)

- Resolution to Authorize Site Preparation and Design Development of Phase I of the Center for Advanced Medicine (page 36)

- Resolution to Apply Proceeds of the Sale of Phoenixville Hospital of the University of Pennsylvania Health System to The Phoenixville Hospital Company LLC, a wholly owned subsidiary of CHS/Community Health System, Inc (page 38)

- Resolution on the Approval of the Transaction Related to Chestnut Hill HealthCare and the Investment in Southeastern Pennsylvania Healthcare Corporation Joint Venture with Vanguard Health Systems, Inc. and the Approval of License of Certain Trade Names and Trade Marks (page 41)

- Resolution on the Refinancing of Outstanding Health System Indebtedness (page 44)

- Resolution to Restructure Outstanding Health System Variable Rate Indebtedness (page 47)

- Resolution to Apply Proceeds of the Sale of Phoenixville Hospital to Outstanding Health System Indebtedness (page 51)

- Resolution to Declare the University’s Intent to Reimburse Capital Costs with Proceeds of Borrowings (page 54)
• Resolution to Authorize and Approve the Merger of Hamilton Square, LLC, into Penn Tower Hotel, Inc (page 57)

• Resolution to Accept the Contribution of Penn Tower Hotel, Inc. Stock from University City Associates, Inc., and to Designate a Shareholder Representative to Penn Tower Hotel, Inc. (page 62)

• Resolution to Appoint a Shareholder Representative to Hamilton Square, Inc. (page 63)

• Resolution to Authorize and Approve the Transfer of Certain Member Interests in Neighborhood Preservation and Development Fund LLC and to Designate a Member Representative to Neighborhood Preservation and Development Fund LLC (page 64)

• Resolution to Authorize the Investment of an Additional $1 Million in BioAdvance Ventures, L.P. (page 65)

Development

Mr. Silfen delivered the Development Committee report in the absence of Mr. Tarnopol. He reported that the university was on track to meet or exceed fundraising goals for the year. He noted that the target for new gifts, pledges, and receipts had already been exceeded. He reported that the committee had heard a presentation on and discussed the next phase of Penn’s fund raising plans for undergraduate financial aid. Mr. Silfen concluded by thanking the trustees for their support and help throughout the year.

Mr. Riepe thanked Mr. Silfen for the report and noted that he would be succeeding Mr. Tarnopol as chair of the Development Committee. He acknowledged the vision, enthusiasm, and expertise that Mr. Tarnopol had brought to the committee as chair for the last five years.

External Affairs

Mr. Hassenfeld delivered the External Affairs Committee report in the absence of Ms. Andrea Mitchell. He reported that the committee had taken a field trip to the Hajoca Building to receive an update on the WXPN project. He noted that they had met with Roger Lamay, General Manager of WXPN, and that the project remained within budget and on time for its opening in October. He stated that the station had also been very successful in reaching their fundraising goal of $4 million. Mr. Hassenfeld encouraged all to visit the new WXPN facilities when they open in October.

Facilities and Campus Planning

Mr. Nussdorf delivered the Facilities & Campus Planning Committee report in the absence of Mr. William Mack. He stated that Dean Afaf Meleis had addressed the committee on the renovations to the Nursing Education Building. Architect Susan
Maxman presented the schematic design for the renovations to the building’s entrance and public spaces. He noted that the renovations would maximize existing space and enhance the visibility of the school and its connections to the campus.

Mr. Nussdorf reported that the committee also received updates on WXPN, the Translational Research Laboratories, the Life Sciences Phase One, and the new Medicine Teaching and Research Building for the School of Veterinary Medicine.

**Neighborhood Initiatives**

Mr. Perry delivered the Neighborhood Initiatives Committee report in the absence of Mr. Gilbert Casellas. He reported that President Rodin had addressed the committee on the accomplishments of the West Philadelphia Initiatives and the future of the project.

Mr. Perry stated that Maureen Rush had reported on the crime statistics from the last seven years. He noted that overall crime is down 40%, including a large decrease in serious crime over those seven years. He commented that Ms. Rush has convened a group of individuals from across the campus to explore new ways of addressing the issue of juvenile crime.

Mr. Perry stated that Lee Nunery and Glenn Bryan had presented a report on economic inclusion. They reported that there is a direct correlation between the declining crime rate and the advances that Penn has made in hiring residents of West Philadelphia and the purchasing of goods and services from West Philadelphia companies and merchants. They challenged the committee to find innovative ways of institutionalizing the program without creating unrealistic expectations.

Mr. Perry concluded by reporting on the Housing Program. He noted that more than six hundred households have been helped since the start of the program. He also noted that in response to the huge success of the program, it had been modified to expand the boundaries into areas further west, north, and south and that the amount of the maximum award had been lowered.

**Student Life**

Mrs. Catherwood stated that Robin Beck, Vice President of Information Systems and Computing had reported on the university’s strategies for wireless computer access for students, student access to technology on campus, and student system upgrades. Mrs. Catherwood noted that there was a follow-up review of Penn’s College houses that focused on the issues of gender-neutral housing and freshman-centralized housing. She also noted that the committee received an update on campus dining, included were the status of kosher dining, dining revenues, and student satisfaction indices.

**Investment Board**
Mr. Riepe announced that Mr. Paul Miller was retiring from the Investment Board after thirty-eight years of service. He acknowledged and thanked Mr. Miller for his considerable contributions to the health of the endowment.

Mr. Miller presented the Investment Board report in the absence of Mr. Howard Marks. He reported that the Associated Investment Fund (AIF) was up 16% through May for the fiscal year, compared to the benchmark of 14%. He noted that Penn ranks fourth of thirty-two schools in our peer group over the last three years, according to Cambridge Associates. He commented that in the last thirty-eight years Penn has gone from not even being on the same page as the schools with the largest endowments to being about tenth in size of all the endowments in the country.

**Penn Alumni**

Mr. Williams reported that Jay Fishman, Robert Levy, and Marie Savard had been approved as the nominees slated to fill three open alumni trustee positions in January 2005, subject to election in the fall.

Mr. Williams announced that the Penn Alumni council had also approved the following alumni as recipients of the Alumni Award of Merit, Cynthia Crawley, Ira Harkavy, David Katzman, and Jerry Riesenbach. David France and Matthew Rossler will be receiving the new Young Alumni Award. He noted that the gala would be held on October 15 in the new World Café Live space. Mr. Williams mentioned that on April 14th that there was a surprise event and President Rodin was awarded the Alumni Award of Merit for her service to the university, the first alum to receive both the Student Award of Merit and the Alumni Award of Merit.

Mr. Williams reported that Alumni Weekend was a success, with record-breaking attendance. He credited the dramatically increased interest to the hard work of the staff and others involved with the programming and improvements in communications. He noted that there had been a 76% increase in the number of hits to the reunion class websites, which highlighted the importance of utilizing the web not only as a portal to the university, but as a way for communities within Penn to reconnect. He also announced that reunion receipts had also been record-breaking, with the class of ’79 setting an all-time record for their 25th anniversary of $12.5 million in class gifts.

**Arts and Culture Day**

Mrs. Sachs reported that the University had held its second successful Arts and Culture Day. She thanked the Provost’s Office and Peter Conn for their efforts in organizing the program. She commented on the importance of integrating the power of the arts into all aspects of teaching and university life. She stated that not only did Arts and Culture Day celebrate the excellence of the University’s artistic and cultural activities, but it also fostered better communication and collaboration between them.

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

- Resolution to Appoint Ian J. Berg to the Board of Overseers of the University of Pennsylvania Museum of Archaeology and Anthropology (page 66)
- Resolution to Appoint L. John Clark to the Advisory Board of the Athletics Department (page 67)
- Resolution to Appoint Anthony J. Tomaska to the Board of Overseers of the Annenberg Center for the Performing Arts (page 68)
- Resolution to Appoint John F. Gamba to the Board of Overseers of the Graduate School of Education (page 69)
- Resolution to Appoint Alberto Ibarguen, Esq., to the Board of Overseers of the Law School (page 70)
- Resolution to Appoint Arthur M. Cohen and Lisa Yuskavage to the Board of Overseers of the Institute of Contemporary Art and Pamela Spiegel Sanders as Vice Chair (page 71)
- Resolution to Appoint Donald J. Deutsch, Betsy Schur Levy, M. Claire Lomax, Esq., William A. Meyer and Bruce L. Newberg to the Board of Overseers of the School of Social Work (page 72)
- Resolution to Appoint Ronald L. Allen and Dalip Pathak to the Board of Overseers of the School of Arts and Sciences (page 74)
- Resolution to Appoint Washburn S. Oberwager to the Board of Trustees of the University of Pennsylvania Press (page 75)
- Resolution to Appoint Gail P. Riepe to the Board of Overseers of the School of Veterinary Medicine (page 76)
- Resolution to Appoint Dr. William O. Baker and John P. Mulroney as Emeritus Overseers of the School of Engineering and Applied Science (page 77)
- Resolution to Reappoint Wendy Evans Joseph, FAIA, as Chair of the Board of Overseers of the School of Design (page 78)
- Resolution to Reappoint Mitchell I. Quain as Chair of the Board of Overseers of the School of Engineering and Applied Science (page 79)
- Resolution to Reappoint Judith Roth Berkowitz as Chair of the Board of Overseers of the Graduate School of Education (page 80)
• Resolution to Reappoint Paul S. Levy, Esq., as Chair of the Board of Overseers of the Law School (page 81)

• Resolution to Reappoint Katherine S. Sachs as Chair of the Board of Overseers of the Institute of Contemporary Art (page 82)

• Resolution to Appoint Susan Block Casdin, Paul Farmer, John T. Livingston, Marc H. Morial, Esq., Lawrence C. Nussdorf, Esq., Philip Pilevsky, Richard P. Richman, Alice M. Rivlin, and Richard Roberts to the Advisory Board of the Institute of Urban Research (page 83)

• Resolution to Appoint Ernest R. Shapiro and Susan Sullivan to the Board of Managers of the Wistar Institute (page 86)

Mr. Riepe commented that one of his priorities had been improving the overall quality and involvement of the Overseer Boards. He thanked the Office of the University Secretary, the schools, centers and institutes for working together so effectively to make those improvements happen. He also thanked the trustees for their leadership as chairs and members of the Overseer Boards.

Executive Committee Report

Mr. Riepe noted that this is an exciting time of transition for the university. He commented on the numerous citations and proclamations made by our elected officials in honor of Dr. Rodin and indicated that they were on display for all to admire. He stated the University had one last honor to bestow on her.

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

• Resolution of Appreciation for Dr. Judith Rodin and Designation as President Emerita (page 87) Note that this resolution does not appear in the attached resolutions

Dr. Rodin thanked Mr. Riepe and the trustees for the honor. She reflected on the memory of her election as president ten and one half years ago in the same room.

Mr. Riepe ended the meeting by thanking again both Drs. Rodin and Barchi for their service and commitment to Penn.

Respectfully submitted,

Leslie Kruhly
Secretary of the University