A Stated Meeting of the Trustees of the University of Pennsylvania was convened on Thursday, October 14, 2004, at 2:15 pm 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. He welcomed everyone to the first Stated Meeting of the new academic year. He voiced everyone's excitement about the inauguration of Dr. Amy Gutmann. The Reverend William Gipson gave the invocation.

Chair’s Report

The minutes of the June 18, 2004, meeting were approved as distributed.

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

- Resolution of Appreciation for Thomas Ehrlich, Esq. (page 1)
- Resolution of Appreciation for Lawrence C. Nussdorf, Esq. (page 2)

Mr. Lawrence Nussdorf noted that as alums, he and his fellow trustees were all very proud of the University; its academic reputation, the strength and selectivity of its faculty and students, and its commitment to the surrounding community. He thanked his fellow board members for the opportunity to have served the University with them for the past
five years and said that he looked forward to his continued engagement with the University.

Nominating Committee Report

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

- Resolution to Elect Robert S. Blank, Esq., as a Term Trustee (page 3)

President's Report

Dr. Amy Gutmann began her report by stating that on the eve of her inauguration as Penn's eighth president she felt very confident about the University's future. She noted that an excellent leadership team was in place and announced Craig Carnaroli's promotion to Executive Vice President. She also mentioned that the searches for Provost, Vice President of Development and Alumni Relations and Dean of Arts and Sciences were moving forward.

Dr. Gutmann stated that the University had received generous appropriations from the Commonwealth, including $10 million for the Riverview project, with the potential of an additional $10 million, and $2 million for the Graduate School of Education's Professional Development Center. She commented that the University continued to be a leader in attracting federal research money; the launch of a new Nanoscale Science and Engineering Center at Penn was one of only six centers nationwide to receive National Science Foundation funding.

Dr. Gutmann commented on Penn students' talent, energy, and passion as made evident by the display of sustained political activism this fall. She focused on education being the critical nexus between registering and voting. She also noted the "plug" given by Vice President Cheney for the Annenberg Public Policy Center's website, factcheck.org, at the Vice Presidential Debate.

Dr. Gutmann noted that the festivities for her inauguration had already commenced with a wonderful community service event at the Sayre Middle School. She spoke briefly about the upcoming inaugural events and again thanked the Penn community for the warm welcome she had received.

Dr. Gutmann spoke of the exceptional work done by Rick Whitfield during his tenure at Penn as the Vice-President for Audit and Compliance.

Mr. Riepe added his personal thanks to Mr. Whitfield for his contributions to the University in areas that are critical to maintaining its integrity, but are largely not visible. He noted the presence of Mr. Whitfield's wife Nancy and thanked her for all her patience and support over the years. He wished the Whitfields much success in the future.

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

Interim Provost Dr. Peter Conn commented on the new Nanoscale Science and Engineering Center, previously mentioned by Dr. Gutmann. He noted that Dean Eduardo Glandt would lead the collaborative effort of the schools of Engineering and Applied Sciences, Arts and Sciences, and Medicine.

Dr. Conn announced that the School of Engineering and Applied Sciences had recruited Dr. Daniel Koditschek, a robotics specialist whose focus is on understanding the biology and principles of animal locomotion. Dr. Conn also mentioned Engineering faculty members who had been the recipients of recent prestigious awards: Shu Yang, Assistant Professor of Materials Science and Engineering, was awarded MIT's TR100 Award as one of the world's top 100 young innovators for her work in designing smart photonic devices for computers and communication networks; and George Papas, Associate Professor of Electrical Systems and Engineering, was named one of the nation's twenty most promising young scientists and engineers with a Presidential Early-Career Award for Scientists and Engineers 2004.

Dr. Conn also announced that University City had been approved as a Keystone Innovation Zone. He explained that this is a designated zone proximate to a university or research institute and designed to facilitate and improve the commercialization of science and technology. He further explained that it is a critical part of the strategy to move Penn's intellectual property into commercial areas.

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

Financial Report

Executive Vice President Craig Carnaroli referred everyone to the financial narrative contained in the red books. He reported that a very strong investment performance from FY04 had fuelled strong net-asset/equity growth in the University's balance sheet. He noted that the endowment had for a time crossed the four-billion dollar mark. He commented that the strong performance in FY04 should be reflected in the University's budget beginning FY06. Mr. Carnaroli stated that for the fourth consecutive year the Health System generated a positive operating margin; in FY04 it was approximately $40 million, excluding investment income. He noted that the University continued to have financial challenges: energy costs, employee benefits, and student aid.

Penn Medicine Report

Dean Arthur Rubenstein reported that Penn Medicine's three related missions of research, education and patient care were in good shape. He commented that the research
programs continued to adjust to the changing face of science, particularly related to the NIH (National Institutes of Health). He noted that NIH funding is shifting toward areas that have the most immediate impact on improving the health and well-being of people through collaborative research, rather than individual research. He stated that this shift requires Penn Medicine to be more flexible. He also stated that the NIH budget was being held to either modest increases or none at all. He noted that Penn Medicine had been the recipient of multi-million dollar grants directed for a coordinated national effort to organize clinical trial data nationwide. This will enable scientists to coordinate trends in research productivity and focus with greater speed and efficiency.

Dean Rubenstein also reported that the system's hospitals and clinics were extremely busy and that their market share was increasing. He noted that this growing demand was driving the creation of new facilities including new operating rooms and nursing units at the Hospital of the University of Pennsylvania.

**Committee Reports**

*Academic Policy*

Dr. Deborah Marrow reported that the committee addressed the impact of the post-9/11 world on international students and scholars at Penn. She stated that the committee had heard two presentations given by Shalini Bhutani, Director of International Student and Scholar Services, and Andrew Rudczynski, Associate VP for Finance and Executive Director for Research Services. She noted that the University has approximately 3,500 international graduate and undergraduate students. She also noted that there had been a sharp change in the country's approach to foreign students that had made the process of obtaining visas more lengthy, complicated, and expensive. She commented that this has actually not had as significant an effect on the University as originally feared.

Dr. Marrow reported that the more serious problems would be from regulatory changes that affect exports of technology and information to foreign countries. She cited as examples the possibility that a Penn researcher may need to be licensed to speak with any student from a foreign country or that a license may be needed to co-publish research with foreign nationals. She stated that the University was committed to complying with any regulations designed to protect national security, but also remained committed to ideals of fundamental academic and research freedom.

*Audit and Compliance*

Mr. Paul Kelly reported that the committee, outside auditors from Pricewaterhouse Coopers, and the financial management teams of the University and the Health System had met to review the financial statements of both entities for FY04. He stated that the audited financial statements are in good order and have been prepared in compliance with GAAP (Generally Accepted Accounting Principles).
Mr. Kelly thanked the management and financial staffs of the University and Health System, and the Office of Audit and Compliance for their excellent service and support to the committee in the past year. He particularly thanked Rick Whitfield.

Mr. Kelly introduced a resolution for the consideration of the trustees. This resolution is not included in the appended resolution texts. The resolution was approved.

- "Resolved, the Board of Trustees accepts the audited financial statements of the University and the Health System for the fiscal year ended June 2004, as presented."

**Budget and Finance**

Mr. L. John Clark reported that the committee had met and reviewed the audited financial reports for the University and Health System for FY04 and the unaudited results for the two months ended August 31, 2004. He noted that they had also reviewed an update on the Student Loan Contingent-Guarantee Obligations. He stated that, after review, all were approved.

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

- Resolution to Authorize the Renovation of Law School Classrooms 1, 2, 213, and 214, and Infrastructure-Related Improvements in Roberts Hall in the Amount of $5.0 Million (page 50)

- Resolution to Authorize the Design and Construction of Co-Located Services in the Van Pelt-Dietrich Library in the Amount of $2.0 Million (page 51)

- Resolution to Authorize the Five-Year Lease for the Department of Academic Support Programs in Hamilton Mall, 40th Street in the Amount of $1.4 Million (present value) (page 52)

- Resolution to Authorize the Five-Year Lease for the Office of Fraternity and Sorority Affairs at 3933 Walnut Street in the Amount of $1.2 Million (present value) (page 53)

- Resolution to Authorize the Pledging of a Reserve in Escrow in Connection with the Release of the University Guarantee of Student Loans (page 54)

**External Affairs**

Mr. Alan Hassenfeld presented the committee's report on the behalf of Chair Andrea Mitchell. He reported that the committee had met with students Jason Oberman, Farrah Freis, Matt Guilford, Daniel DeRosa, and Lela Jacobsohn to discuss the work of REV-UP (Register, Educate, and Vote), an organization dedicated to registering new voters and getting them to the polls. He noted that approximately 2,500 students were registered to vote through the registration drives on campus. He also noted that more than sixty
international students had signed up to participate as election monitors. He commented that international reporters would be on campus the following week to meet with Penn Political Science professors regarding the election and the political process in the United States.

Mr. Hassenfeld also reported that WXPN began broadcasting from their new home in the Hajoca Building on September 24.

Facilities and Campus Planning

Mr. William Mack reported on the projects that are planned for the University, and those that are currently under construction. He stated that the committee had heard an update on the proposed development of the northwest corner of 34\textsuperscript{th} and Chestnut streets. The proposed development will include 284 market rental units, a retail component, and a 360-car parking garage.

Mr. Mack mentioned the completion and opening of the new facility in the Hajoca Building for WXPN and the World Café Live. He also noted that the adjacent Translational Research Building was nearing completion and the first move-ins would be in late October.

Neighborhood Initiatives

Mr. Gilbert Casellas reported on the community activities that led up to Dr. Gutmann's inauguration: the service day at the Sayre Middle School, the re-opening of the Walnut West Free Library at 40\textsuperscript{th} and Walnut Streets, a reception for Dr. Gutmann hosted by Councilwoman Jannie Blackwell, and a First Thursday meeting with community leaders and residents. He noted that he had attended the First Thursday meeting with Dr. Gutmann and that it had been the first time that a Penn trustee and the President had attended the monthly meeting. He commented that he had attended so that the community could see the importance that the trustees and the University place on their long-term commitment to being a good neighbor.

Mr. Casellas also reported that Omar Blaik has been made the new chair of the University City District, and that the University City District and West Philadelphia Partnership are currently conducting searches for new directors.

Mr. Casellas stated that Maureen Rush and Glenn Bryan had given a report about the perception and concern that there is a lack of safety in the vicinity of 40\textsuperscript{th} and Market streets. He commented that Penn Police, the Philadelphia Police Department, the Parking Authority, and L&I were running a three-month pilot initiative to address selected concerns, including illegal vending, illegal taxicabs, double parking, and increased narcotics incidents.
Student Life

Mr. Andrew Heyer presented the committee's report on the behalf of Chair Susan Catherwood. He reported that the focus of the committee's meeting had been on student civic engagement and community service initiatives. He noted that Ira Harkavy, Director of the Center for Community Partnerships, and David Grossman, Director of Civic House, had given presentations. He commented that there are over 1500 Penn students enrolled in academically based service-learning courses and that approximately one third of Penn students are actively involved in ongoing service programs. He encouraged those interested to review the web sites for both the Center for Community Partnerships and Civic House.

Mr. Heyer also reported that Farrah Freis, Jason Levine, and Jason Oberman from the student organization REV-UP had spoken to the committee about their goal of increasing student participation in the upcoming election and ongoing participation in the political process.

Investment Board

Mr. Howard Marks reported that the total return on the endowment for FY'04 was 16.8%. He commented that this was ahead of our benchmarks. There was a good performance of common stocks, which are the largest component of the University's portfolio. He noted that FY05 was off to a slow start, and that the endowment showed a small loss of approximately 1%. He also noted that for the fiscal years 02 through 04 the endowment had achieved a compound return of 6.9%, which was well ahead of the University's benchmarks and peer institutions.

Penn Alumni Report

Mr. Paul Williams noted that the Alumni Trustees had not met, but that the Penn Alumni Council and Board would be meeting that weekend. He introduced Jay Fishman (W'74, WG'74) who will serve as an Alumni Trustee at Large and Bob Levy (WG'74) who will serve as an Alumni Trustee from the Central Region, both begin their service on January 1, 2005. He noted that Marie Savard (Nu'72, M'76) would also be joining the board in January as an Alumni Trustee for the Pennsylvania Region. He thanked Larry Nussdorf and Bob Blank for their service as alumni trustees and expressed his hope that they would continue their engagement with Penn.

Mr. Williams thanked the Alumni Relations staff in advance for what he was anticipating to be a wonderful homecoming weekend in conjunction with the Inauguration of Dr. Gutmann.

Appointments to Overseer and Other Boards

The following resolutions were presented and approved (full resolution text is appended).
• Resolution to Appoint Dr. Herbert Kean and Mr. Samuel Rhoads to the Board of Managers of the Wistar Institute (page 56)

• Resolution to Appoint Congressman Harold Ford, Jr., and Mr. John Timoney to the Advisory Board of the Institute for Urban Research (page 57)

• Resolution to Appoint Gloria S. Drosdick to the Board of Overseers of the School of Nursing (page 58)

• Resolution to Appoint Erik D. Gershwind to the Board of Overseers of the University Libraries and to Reappoint Ronald F. E. Weissman (page 59)

• Resolution to Appoint Robbi Toll to the Board of Overseers of the Institute of Contemporary Art (page 60)

• Resolution to Appoint Lisa M. Aldisert to the Board of Overseers of the Annenberg Center for the Performing Arts (page 61)

• Resolution to Appoint Molly D. Shepard and Ellen Cohen Stein to the Board of Overseers of the Graduate School of Education (page 62)

• Resolution to Appoint Dr. Martin D. Levin as Chair of the Board of Overseers of the School of Dental Medicine (page 63)

Mr. Riepe ended the meeting by thanking everyone for attending and enthusiastically noted the continuation of the inaugural events for Dr. Gutmann.

Respectfully submitted,

Leslie Kruhly
Secretary of the University