Minutes of the Stated Meeting of the Trustees
of the University of Pennsylvania
June 17, 2005

A Stated Meeting of the Trustees of the University of Pennsylvania was convened on Friday, June 17, 2005, at 11:30 am in the Hall of Flags in 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 noted that the first year of President Gutmann’s tenure had been an exciting one. Her inauguration and the delineation of the Penn Compact had been a high point for the Trustees, providing a vision that all in the Penn community could rally around. He congratulated Dr. Gutmann on her leadership, her enthusiasm, and the spirit that she brought with her to our campus, and on a generally great year. He noted that we expected continued greatness from her administration.

Chair’s Report

Mr. Riepe noted the death of Vice Chairman Mickey Tarnopol and asked that everyone observe a moment of silence in his memory.

The minutes of the February 11, 2005, meeting were approved as distributed.

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

- Memorial Resolution for Anthony “Skip” Minisi (page 1)
- Resolution of Appreciation for Edward T. Anderson (page 2)
Dr. Anderson stated that it had been a great honor to serve on the board and that he had very much enjoyed the experience.

- Resolution of Appreciation for Stanley B. Prusiner (page 3)
- Resolution of Appreciation for Michael D. Zisman (page 4)
- Resolution to Amend the Statutes of the Trustees of the University of Pennsylvania (page 5)

_Vice Chair’s Report_

Vice Chair Jon Huntsman remarked that under Jim Riepe's leadership the University had made great strides. He did not know another university in the country that had made the progress and achieved the stature that Penn had under the outstanding leadership of this great chairman and remarkable individual.

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

- Resolution to Reelect James S. Riepe as Chair of the Board of Trustees (page 7)

_Nominating Report_

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

- Resolution to Reelect Jon M. Huntsman as Vice Chair of the Board of Trustees (page 8)
- Resolution to Elect the Executive Committee (page 9)

Mr. Riepe thanked Madlyn Abramson for her three years as an at-large member of the Executive Committee and welcomed the two newest members Deborah Marrow and Mark Winkelman.

- Resolution to Appoint the Investment Board (page 10)

Mr. Riepe noted that Chris Browne was stepping down from the Investment Board after twenty years of service. He expressed the profound gratitude of the University for his insight, candor and great investment experience.

_President's Report_

Dr. Amy Gutmann noted the death of Emeritus Annenberg Professor of the Humanities George Rochberg. She commented that he was a great twentieth-century composer who had had a significant influence on modern music.
Dr. Gutmann announced that an agreement had been reached between WXPN and National Public Radio to distribute “Live at the World Café” and “Conversations from the World Café” to more than 185 public radio stations across the country.

She reported that the financial picture at Penn was brighter than ever, noting that negotiations between the University and the US Department of Health and Human Services on the indirect cost recovery rate or ICR, had yielded a rate of 57.5% for this year and 57% for FY06. She anticipated that, with significant new research spaces coming on line in the next few years, the ICR would be back up to 57.5% by FY08.

Dr. Gutmann also reported that fundraising targets for the year had been met in March and the University had achieved 126% of the full year's goal. She noted that, to date, the University had received $410 million in gifts and pledges. She announced a $4 million gift benefiting the School of Arts and Sciences and the Institute of Contemporary Art from Kathy and Keith Sachs, and a $1 million gift from Larry and Susan Hirsch to fund an adjunct professorship in international business at the Wharton School.

Dr. Gutmann thanked Peter Conn for his service as Interim Provost, noting that she could not have wished for a smoother or stronger start to her presidency, in part due to his partnership with the deans, vice presidents, and herself. Trustees Deborah Marrow and Paul Williams seconded Dr. Gutmann's praise.

Dr. Conn thanked Dr. Gutmann, Dr. Marrow, and Mr. Williams for their kind words. He said that Penn was an extraordinary institution and he felt privileged and honored to be a part of it.

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

- Resolution of Appreciation for Michael J. Masch (page 11)

Mr. Masch stated that while he is grateful for the opportunity to serve as the Chief Operating Officer of the Commonwealth, he regrets that the price of that is not being at Penn and what is, unquestionably, the most innovative and accomplished of the great research universities in this country. He expressed his gratitude that he could continue to serve as a member of the faculty at the Fels Institute and SAS and thereby have a continuing relationship to the university.

- Resolution of Appreciation for Kenneth B. Campbell (page 12)

- Resolution of Appreciation for Carol R. Scheman (page 13)

- Resolution of Appreciation for Leroy D. Nunery II (page 14)

Dr. Nunery thanked the trustees and suggested that the success of his next endeavor could be measured when graduates of Edison Charter Schools come to Penn.
• Resolution to Appoint Ronald J. Daniels as Provost (page 15)
• Resolution to Appoint John F. Horn as Comptroller (page 16)

Academic Report

Interim Provost Peter Conn reported that the Graduate School of Education continued to earn extraordinary praise and visibility in the academic community. Professor Rebecca Maynard of the school had just been awarded a new $5 million grant from the US Department of Education to support doctoral research training. The school also established a relationship with Teach for America, making GSE the exclusive in-service, learning provider for all of its teachers in Philadelphia and New York City.

He noted also that Vice Provost and Director of Libraries Carton Rogers had finished his first year with distinction. The Penn Libraries continued to be a national leader in digital services and technical innovations. One accomplishment in this arena was scholarlycommons@penn, a digital repository of faculty and advanced student research. The library has also partnered with the School of Arts and Sciences to develop a space called the Information Commons, devoted to the electronic support of teaching and learning, which will open in less than a year.

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

• Resolution on Faculty Appointments, Leaves and Promotions (page 17)

Financial Report

Executive Vice President Craig Carnaroli reported that fiscal 2005 had been a very prosperous year for the university. On a consolidated basis, our net asset position increased $376.8 million through April. This growth comes not only from positive operating performance, but also strong growth in contributions, which are up 70% in a year-on-year comparison, as well as strong growth in sponsored research programs and investments. He also acknowledged the good work by human resources on new initiatives to moderate growth in employment benefits costs. The health system, which continues to do very well, saw strong growth in patient volumes. It will be the fifth consecutive year with a positive margin—over 3% for fiscal 2005. Penn Medicine has reduced days in accounts receivable to 50, exceeding all industry benchmarks. In addition, the exciting Center for Advanced Medicine project has begun. Phase 1 is near completion. Phase 2 will begin this summer, and was approved yesterday by the Budget and Finance Committee.

Penn Medicine Report

Dr. Gail Morrison thanked the Trustees for their guidance and encouragement over the year. She noted that the incoming class for 2005 was stellar: composed of 51% females, 24% Pennsylvania residents, and 13% underrepresented minorities; 15% will receive a
combined degree. Penn Medicine physicians and scientists have recently ranked no. 2 in NIH funding, based on FY 2004 performance. She noted that a 9.4% increase in funding in a period when the NIH budget went up less than 2% was quite remarkable; 46% of all NIH funding to Pennsylvania is a result of the work done by Penn Medicine. Penn Medicine’s financial and operational performance continued to be very strong. Dr. Morrison also pointed out that Penn Medicine was facing major challenges with the state’s proposed reductions in the Medicaid program and was working hard in Harrisburg to fight proposals that could significantly reduce reimbursements in the coming year.

**Admissions Report**

Dean of Admissions Lee Stetson announced that there had been an applicant pool of nearly 19,000 for the Class of 2009, a second all-time high. The admission rate was 20% and the regular-decision admission rate was down to 16%, the lowest it had ever been. The yield increased from 63% to 66%, putting Penn in the top few in the country. This also meant an embarrassment of riches with 2,570 students admitted. With a summer melt, Dean Stetson predicted a final enrollment about 60 or 70 over the number anticipated for this year. The class is evenly divided between men and women and all fifty states are represented. Thirty-five percent of the class are racial or ethnic minorities. The class includes a record number of Hispanic and African-American students and an increase in the number of Native Americans students.

Dean Stetson further noted that the average class ranking was in the 98th percentile and average SAT scores were 1470. He explained that selectivity was based on more than statistics. Admissions tries to select the human beings who will make something special of their Penn experience and contribute to all of us. This class is exceptional outside the classroom as well as inside the classroom and they will make their mark in their own special way. He expressed his thanks to both Peter Conn and Amy Gutmann.

**Committee Reports**

*Academic Policy*

Dr. Deborah Marrow thanked Peter Conn and committee members Ed Anderson and Stan Prusiner for their service. She noted that the committee’s meeting the previous day focused on faculty retirement trends. Until 1994, mandatory retirement was standard at American universities and, at Penn, faculty were required to relinquish tenure along with their jobs at the age of 70. Today, a disproportionate number of faculty at Penn hired in the 1960s and 1970s are now approaching retirement age—a situation that is similar to that of our peer institutions. It appears that an increasing number of these faculty are choosing to work beyond the age of 70. In a steady-state hiring environment, there will be fewer and fewer positions for new faculty. While the committee was very careful to point out that age is not necessarily related to vitality or productivity, there is a concern about reducing the availability of positions for junior faculty as a result of reduced retirement rates. There was a concern that current incentive programs and review procedures may not adequately encourage retirement. The committee called for more
specific data on and analysis of current retirement patterns. Prior to the discussion about retirement, Dr. Conn announced that the names of two departments had been changed. As of July 1, the Department of Legal Studies would be known as the Department of Legal Studies and Business Ethics and the Department of Anesthesia would be known as the Department of Anesthesiology and Critical Care.

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

- Resolution to Approve Revisions in the Research Faculty Track (page 25)
- Resolution to Establish the Positions of Senior Lecturer A and Advanced Lecturer A and Senior Lecturer B and Advanced Lecturer B in the School of Nursing (page 28)
- Resolution to Establish the Rank of Practice Professor in the School of Nursing (page 30)
- Resolution to Approve a Master of Philosophy in Professional Counseling and Psychology (page 31)

Audit and Compliance

Mr. Paul Kelly reported on a presentation by Chief Privacy Officer Lauren Steinfield on issues relating to privacy and the security of data and personal information. He informed the board that this area is receiving the internal due diligence at Penn that is necessary at this point. The committee also considered changing governance and regulatory trends. John Mattie, the Partner in Charge of Higher Education Practices at PricewaterhouseCoopers, informed the committee that the university remained a leader among its peers in maintaining a standard of excellence and best practices. He pointed out possible future challenges such as attempts by states to tax private universities. He also reported that the audit for fiscal 2005 was progressing smoothly. Finally, the committee gratefully acknowledged the fine service of Ken Campbell and wished him the very best for his retirement.

Budget and Finance

Mr. L. John Clark reported that the committee had reviewed the unaudited financial results for the 10-month period ending April 2005 for both the university and Penn Medicine. It also reviewed the operating and capital budgets for both the university and Penn Medicine.

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

- Resolution to Authorize the Fiscal Year 2006 Operating Budget for the University of Pennsylvania (page 32)
• Resolution to Authorize the Fiscal Year 2006 Capital Plan for the University of Pennsylvania (page 33)

• Resolution to Authorize the Fiscal Year 2006 Operating Budget for the University of Pennsylvania Health System (page 34)

• Resolution to Authorize the Fiscal Year 2006 Capital Budget for the University of Pennsylvania Health System (page 35)

• Resolution to Authorize the Anatomy Chemistry 3rd Floor Space Planning Operations Office Renovations in the Amount of $1,500,000 (page 36)

• Resolution to Authorize the Budget System Software in the Amount of $1,500,000 (page 37)

• Resolution to Authorize the School of Engineering and Applied Science Moore 3rd Floor Lab Renovation Project in the Amount of $1.54 Million (page 38)

• Resolution to Authorize Design and Construction of the Ryan Hospital Student Surgery Renovation in the Amount of $1.83 Million (page 39)

• Resolution to Authorize the Design and Construction for Old Vet Quad Animal Holding Renovation in the Amount of $2,900,000 (page 40)

• Resolution to Authorize Upgrades to the Fraternity and Sorority Housing System in the Amount of $5 Million (page 41)

• Resolution to Declare the University’s Intent to Reimburse Capital Costs with Proceeds of Borrowings (page 42)

• Resolution to Authorize the Financing of Capital Projects and Refinancing of Outstanding University Indebtedness (page 45)

• Resolution to Authorize the Purchase and Delivery of a 9.4T MRI for a Proposed Small Animal Imaging Facility in the Amount of $2.547 Million (page 47)

Development Committee

Mr. David Silfen reported that fundraising had substantially exceeded projections for fiscal 2005 which would be one of the most successful years on record. Cumulative gifts and pledges through the middle of June totaled $410 million, 20% above the university’s goal for the year. Cash receipts currently totaled approximately $365 million, also well above the university’s target. The committee received an update by John Zeller on gift counting and crediting policies for the campaign, the quiet phase of which would begin on July 1st. The Development Committee thanked the senior leadership of the university,
the dedicated development staff, and all the trustees for their support and assistance in the terrific success enjoyed this year.

External Affairs

Ms. Mitchell expressed her thanks and appreciation to Dr. Conn, who holds the term chair in her name. As the FCC license holder for WXPN, the External Affairs Committee heard an annual report from General Manager Roger LaMay. Mr. LaMay reported on the many advantages of the new World Café Live facility which brought the staff together into one central location, created new partnerships, and enhanced student internship experiences. He noted that the capital campaign for this new facility raised more funds from members than anticipated and that this past spring’s fund drive was the most successful to date. Mr. LaMay also announced an exciting new partnership with NPR, referenced by Dr. Gutmann, which will enhance the prestige and exposure of WXPN nationally. Two student interns reported on their experiences at the station and how being at WXPN has enhanced their career skills. Ms. Mitchell expressed her personal thanks and the committee’s thanks to Carol Scheman for her extraordinary service since 1994. Ms. Scheman had provided her last report on federal, state, city and community relations. She noted that the House recommended only a very slight increase for NIH. The committee also discussed stem cell research and possible “brain drain” from Pennsylvania, with its legislative barriers, to California and/or foreign countries that provide support for this research. Vice President for Communications Lori Doyle described the Penn Science Café initiative, designed to get Penn’s best scientists out of their labs and into a community setting. In media relations, Penn continues to build on a very high national profile, with Penn’s commencement receiving extensive coverage.

Facilities and Campus Planning

Mr. Mack thanked Michael Zisman for his years on the committee. He reported on a presentation to the committee of the schematic design for the Center for Advanced Medicine by the architects Rafael Viñoly, Brad Perkins and Mary Jean Eastman. The first phase of the Center for Advanced Medicine will accommodate a state-of-the-art cancer and cardiovascular center. Further expansion will include as much as one million square feet of additional clinical space as well the replacement of the Penn Tower. The committee also had a presentation about the proposed development of rental apartments at 34th and Chestnut streets. Brandt Bowden from the Hanover Company and Architect Michael Goodwin from the Design Collective presented the schematic design for the market-rate rental housing project. This proposed mixed-used project includes ground floor retail spaces and 295 apartment units. The corner facing Hill Square will have a welcoming public plaza, with a commissioned art installation.

Neighborhood Initiatives

Mr. Casellas acknowledged departing Trustee Ed Anderson for his work on the committee as well as Carol Scheman and Lee Nunery. He noted that the Penn Alexander School had its first graduation. The committee heard a follow-up presentation by Drs.
Birch, Wachter and Culhane of the School of Design, Wharton, and Social Policy and Practice respectively, on housing issues, especially as they relate to quality of life. The committee heard about a study of HOPE VI community in Atlanta, thanks to committee member Egbert Perry. Dr. Culhane also outlined educational efforts that he believes the university should undertake to assist seniors who may be at risk to predatory lenders in the area. In response to issues raised by Jim Riepe at the committee’s February meeting regarding the participation of weekly-paid staff in Penn’s housing program, Dr. Culhane suggested ways to increase participation, including credit-counseling programs. The committee heard a report on economic inclusion efforts and a stimulating discussion by Professor Elijah Anderson, the Charles and William L. Day Distinguished Professor of Sociology, and Professor Bernard Anderson, Whitney Young Term Professor of Management at Wharton, about social and economic factors affecting economic inclusion efforts. Associate Vice President for Business Services Marie Witt provided the committee with data regarding employment, construction and procurement contracting. Employment data has not been tracked by many of our partner companies historically, but going forward we will be able to see how Aramark, Allied Security, and Barnes and Noble are faring. The initial data is positive and the committee will continue to monitor economic inclusion in subsequent meetings.

**Student Life**

Mrs. Susan Catherwood reported that the committee’s first agenda item for this session was an update on dining services. Associate Vice President for Business Services Marie Witt shared some dining accomplishments, including the continued popularity of kosher dining in Steinhardt hall, the success of the cafés in the Van Pelt library and at the Towne building, the introduction of late-night options, and the introduction of sustainable local organic food programs. Specific initiatives to address dining challenges included engaging student leadership of the Undergraduate Assembly and Presidential Advisory Board, continual rethinking of meal-plan options, conducting client-service reviews, and initiating residential dining renovations. The committee next discussed current alcohol policy initiatives and program implementation. Dr. Stephanie Ives, Director of Alcohol Policy Initiatives guided the committee through the issues surrounding high-risk drinking, including defining the population of high-risk drinkers, changes to the university’s alcohol policy, next steps in the implementation of the Alcohol Response Team’s recommendations, and the challenges of specific weekends of the spring semester, most especially Hey Day. Finally, Dr. David Brownlee presented an overview of Arts and Culture at Penn, a coordinated program created by Dr. Conn. Mrs. Catherwood thanked Dr. Conn.

**Investment Board**

Mr. Howard Marks reported that the fiscal year which would end in two weeks had been a rather quiet period: no crises, very low volatility, and also not much return. There had been virtually no return in the first four months of calendar year 2005 and the first quarter of the fiscal year was similarly dull. Virtually all the return occurred in the final quarter of last calendar year. For the eleven months ended May 30, Penn was up 7.3%, in line
with our financial goals. Diversification was helping. International equities and real
estate outperformed US stocks as did two areas augmented in the last five years: private
equity and hedge funds. Those investments account for what was achieved this year. Mr.
Marks thanked Chris Browne who had been a stalwart and outspoken leader over the time
they had served together. Mr. Marks reported that Joel Greenblatt had completed his
first year on the Investment Board with good results and welcomed Bob Levy. He noted
that both Joel and Bob were distinguished investors in their own right, and would make
substantial contributions.

Penn Alumni Report

Mr. Paul Williams reported that the Penn Alumni Nominations Committee recommended
Susan Frier Danilow, Esq., CW ’74, G’74, for the trustee slot for Metro New York and
Julie Beren Platt, C’79, for the Western Region. Both nominees had distinguished
themselves over many years in service in their regions and on campus and have been
exceptionally generous with time and financial support. He further reported that Alumni
Weekend had been a great success, with over 11,000 attendees, up 11% from last year.
Governor Ed Rendell, celebrating his 40th reunion, and First Lady Midge Rendell had
served as Parade Marshalls. Mr. Williams reported on the Penn Traditions program,
designed to build a sense of heritage and culture and traditions of giving back among
students. He thanked, among others, Jim Riepe, Mitchell Blutt, Lee Doty, John Hover,
Kathy Sachs, Wendy Joseph, and Marie Savard and also Dr. Gutmann for participating in
those programs. He also thanked Peter Conn, who hosted over 1,600 students from the
class of 2008 on Play Day. On behalf of Penn Alumni he expressed profound
appreciation to Dr. Gutmann for participating in alumni events in seven cities in the US
and one in London to meet with over 4500 Penn alumni. Finally, he announced a retreat
scheduled for September 16th and 17th to work with Development and Alumni Relations
staff to talk about strategies for future alumni activities and integration with development
activities.

Nominating Committee

Chair Riepe presented the following resolutions. He welcomed three new trustees and
thanked for their efforts two who had completed their first terms and were going on to
serve second terms as trustees.

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

- Resolution to Elect Laurie J. Landeau as a Term Trustee (page 48)
- Resolution to Elect Richard C. Perry as a Term Trustee (page 49)
- Resolution to Elect Andrew S. Rachleff as a Term Trustee (page 50)
- Resolution to Re-elect James D. Dunning, Jr. as a Term Trustee (page 51)
Appointments to Penn Medicine, Overseer and Other Boards

Chair Riepe presented twenty resolutions on appointments to Penn Medicine, Overseer and other boards. He particularly thanked all of the Penn trustees who served on the Penn Medicine Executive Committee, and singled out Shaun O’Malley who has done a great job as chair of the Penn Medicine Audit and Compliance Committee. He welcomed Bob Blank as the new Chair of that committee and noted that all were very pleased that Shaun would continue on Penn Medicine’s Board and Executive Committee as a member so as to be able to continue to make important contributions due to his experience and institutional memory.

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

- Resolution to Appoint Robert S. Blank, Esq., Herbert F. Goodrich, Jr., Duncan P. Hennes, and Keith A. Morgan to the Penn Medicine Board (page 53)
- Resolution to Reappoint the Board of Penn Medicine (page 55)
- Resolution to Appoint and Reappoint Members of the Penn Medicine Executive Committee (page 56)
- Resolution to Appoint Lori R. Fife, Sarah Wilder Fuller, Anne Gilchrist Gleacher and Matrice Ellis Kirk to the Board of Overseers of the School of Arts and Sciences (page 57)
- Resolution to Appoint Lisa M. Scottoline, Esq., to the Board of Overseers of the Law School (page 59)
- Resolution to Appoint William J. Constantine, Clay W. Hamlin III, Esq., Leslie Simon Myers, Dr. Helen Frame Peters, John R. Rockwell, and H. Elliott Rogers, Jr., to the Athletics Advisory Board (page 60)
- Resolution to Appoint Brian J. Sisko, Esq., Kenneth Wong and John W. Zellerbach to the Board of Overseers of the Annenberg Center for the Performing Arts (page 62)
- Resolution to Appoint Dr. Matthew J. Doyle, Dr. Roger Levin, and Dr. David S. Tarica to the Board of Overseers of the School of Dental Medicine (page 64)
- Resolution to Appoint Dr. Reina Marin Bassini to the Board of Overseers of the Graduate School of Education (page 65)
- Resolutions to Appoint Leonard M. Amoroso and Patricia B. Silverstein to the Board of Overseers of the Institute of Contemporary Art (page 66)
• Resolution to Appoint Richard B. Cohen, Craig K. Harding, Beth J. Kaplan, Ira A. Lipman, Alan B. Miller and Kenneth D. Moelis to the Board of Overseers of the Wharton School (page 67)

• Resolution to Appoint Thomas J. Cusack as Chair of the Board of Overseers of the University Libraries (page 69)

• Resolution to Reappoint Christopher H. Browne as Chair of the Board of Overseers of the School of Arts and Sciences (page 70)

• Resolution to Reappoint Hon. Marjorie O. Rendell as Chair of the Board of Overseers of the School of Nursing (page 71)

• Resolution to Reappoint John C. Hover II as Chair of the Board of Overseers of the University Museum of Archaeology and Anthropology (page 72)

• Resolution to Reappoint Christine C. Connelly as Chair of the Board of Overseers of the School of Veterinary Medicine (page 73)

• Resolution to Reappoint Alvin V. Shoemaker as Chair of the Athletics Advisory Board (page 74)

• Resolution to Reappoint Jon M. Huntsman as Chair of the Board of Overseers of the Wharton School (page 75)

• Resolution to Appoint Marilyn Jordan Taylor and Manuel A. Diaz to the Advisory Board of the Penn Institute of Urban Research (page 76)

• Resolution to Appoint Ronald J. Daniels to the Board of Managers of the Wistar Institute (page 77)

Chair Riepe ended the meeting by thanking everyone for attending.

Respectfully submitted,

Leslie Kruhly
Secretary of the University