A Meeting of the Executive Committee of the Trustees of the University of Pennsylvania was convened on Thursday, September 15, 2005, at 1:45 pm in Bodek Lounge, Houston Hall.

Trustees present were Christopher Browne, Gilbert Casellas, John Clark, David Cohen, Amy Gutmann, Paul Kelly, William Mack, Deborah Marrow, James Riepe (Chair), and Mark Winkelman.

Administrators and guests present were Mary Lee Brown, Glenn Bryan, Craig Carnaroli, Terry Conn, Ron Daniels, Carol De Fries, Lori Doyle, Lisa Johnson, Leslie Kruhly, Van McMurtry, Marguerite Miller, Joann Mitchell, Molly Roth, Arthur Rubenstein, Wendy White, Marie Witt, and John Zeller.

The complete text 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.

Chair’s Report

Mr. James Riepe called the meeting to order and welcomed everyone to the first Executive Committee meeting of the year. He welcomed Provost Ron Daniels to his first meeting of the trustees, and Mr. Van McMurtry, who would be appointed the new Vice President for Government and Community Affairs. The minutes of the May 12, 2005 meeting were approved as distributed.

President’s Report

Dr. Amy Gutmann reported on the University’s response to Hurricane Katrina, Penn’s fourth place ranking in the U.S. News & World Report, and its recognition by 2006 Kaplan/Newsweek College Guide as the nation’s hottest “happy-to-be-there” university. Dr. Gutmann stated that the University had surpassed its fundraising goals and created a record 140 new undergraduate scholarships. Other fundraising records she highlighted include the number of donors giving more than $5 million; the number of donors giving more than $1 million; and the number of first-time $1 million donors. She also reported that the Penn Integrates Knowledge initiative was launched, the “guiding principles” for the future campus expansion to the east were developed, and that Penn helped to rebuild the educational infrastructure of communities affected by last December’s tsunami.

Dr. Gutmann discussed priorities for securing Penn’s future as the premier research university for the next century, including:

- revising the campus development master plan and setting a timetable for developing the postal lands by the end of the academic year
• developing a plan for global engagement that reflects Penn’s commitment to produce new knowledge and graduates who enrich the lives of fellow human beings throughout the world
• recruiting and retaining first-rate faculty through the Penn Integrates Knowledge initiative
• continuing to raise significantly more funds for financial aid for undergraduate, graduate, and professional students
• planning a fundraising campaign that will propel Penn to global eminence for the next century.

The following resolution was presented and approved (full resolution text is appended):
• Resolution to Appoint Vanda B. McMurtry Vice President for Government and Community Affairs (p. 1).

Academic Report

Provost Ron Daniels reported that the Veterinary School had completed the Kresge Challenge one month ahead of the October 1 deadline. He added that the School was pursuing an initiative in Shelter Animal Medicine with the Philadelphia Animal Care and Control Authority as part of the urban agenda of the University. Provost Daniels also noted that studies were in progress to identify the function of the gene responsible for progressive rod-cone degenerations (prcd) in dogs.

Provost Daniels reported that in reforming its curriculum over the past five years, the Law School had established four new student and faculty exchange programs with law schools abroad, and had added several new certificate and joint programs. He added that Penn Law’s admissions success was the subject of a front-page article in the National Law Journal, which described Penn’s entering class as the most racially diverse class of any of the top law schools. Finally, he stated that the School had won the Burton Award for Excellence in its Legal Writing Program and the Pennsylvania State Architectural Award for renovations of Gittis Hall.

Provost Daniels noted that the Library had debuted PennAlerts, a table of contents service covering some 10,000 e-journals for faculty. He stated that the Library had begun a pilot implementation of its RAPID document delivery system, which would electronically deliver journal articles in a few days, effectively extending the Library’s reach to thousands of additional journal titles. He also reported that construction had commenced on the Weigle Information Commons, which would provide wired spaces for students to carry out individual and group research projects and for faculty to experiment with new teaching technologies.

Finally, Provost Daniels reported that three faculty members had been accorded a 2004 Presidential Early Career Award for Scientists and Engineers: Professor Kevin Volpp (Medicine), Professor Tejvir Khurana (Physiology), and Professor Marija Drndic (Physics).

The following resolution was presented and approved (full resolution text is appended).
• Resolution on Faculty Appointments, Leaves and Promotions (page 2)
**Financial Report**

Executive Vice President Craig Carnaroli reported that the University had a very successful year financially. He noted that the consolidated University saw its net assets, or equity position, grow by more than $500 million. He said that a principal contributor of this success was Development and Alumni Relations’ outstanding year in securing philanthropic support for the academic mission. Focusing on the University, Mr. Carnaroli reported that despite a tighter environment for external funding, the University had enjoyed strong growth in its sponsored program awards, as well as making use of current external awards. He added that good management controls on operating expenses had resulted in improvement of the net asset position from operations by over $40 million. With respect to the Health System, Mr. Carnaroli reported that the Health System saw strong patient-volume growth, particularly in areas consistent with its strategic plan. He noted that in terms of its operating margin, which was over 3%, the Health System had enjoyed six record years. Finally, Mr. Carnaroli reported that the Health System was able to reduce outstanding accounts receivable by approximately 25%, from over 70 days to below 50 days, which placed it in the upper echelons of performance by hospitals nationwide.

**Penn Medicine Report**

Executive Vice President for the Health System and Dean of the Medical School Arthur Rubenstein reported that Penn Medicine physicians, nurses and staff had responded tremendously to the Hurricane Katrina disaster. He went on to highlight some of the efforts. Dr. Rubenstein reported that the Medical School inducted its freshman class with the White Coat ceremony in August. Finally, he noted that the Health System had continued to be strong operationally and financially. He expressed pride in the Health System’s ability to provide $50 million in uncompensated care to needy citizens of the community.

**Investment Board Report**

Mr. Carnaroli reported on behalf of Chair Howard Marks. He stated that the Investment Board would be meeting later in the afternoon to review the FY’05 report. Previewing the report, he noted that the University finished a successful year with respect to its endowment. He stated that the one-year return was approximately 8.5%, which was consistent with its external and internal benchmarks. Of particular note, he said, was the emphasis placed on international equities, which performed quite well, as well as the hedge fund portfolio, which also was a very strong performer. Mr. Carnaroli also noted that while the one-year results were of note, long-term trends were more important. He stated that the five-year performance had exceeded its external benchmark by approximately 480 basis points and placed the University in the top third of its peers in terms of overall performance. Finally, Mr. Carnaroli reported that the endowment had reached $4.4 billion at the end of the year, which was approximately a 10% increase over the start of the year. Of particular note were the contributions secured for the endowment, which set a new record of approximately $170 million.
Budget and Finance

Mr. John Clark reported that the committee had met and reviewed the financial reports as submitted. On behalf of the committee, he complimented both the University and the Health System for an outstanding financial year.

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

- Resolution to Authorize the Design and Construction of the Rosenthal Imaging Center, Ryan Hospital, in the Amount of $5.54 Million (p. 56)
- Resolution to Authorize the Design and Construction of the John Morgan Building Small Animal Imaging Facility in the Amount of $1.181 Million for a Total Revised Budget of $3.728 Million (p. 57).

Mr. Riepe acknowledged Administrative Coordinator for Trustee Affairs Lisa Johnson, who was leaving the University and wished her the best of luck.

The meeting was adjourned at 2:00 pm.

Respectfully submitted,

Leslie Laird Kruhly
Secretary of the University