Minutes of the Stated Meeting of the Trustees
of the University of Pennsylvania
October 27, 2006

A Stated Meeting of the Trustees of the University of Pennsylvania was convened on Friday, October 27, 2006, at 11:30 am in the Woodlands Ballroom in the Inn at Penn.

Trustees present at the meeting were: James Riepe (chair), Mitchell Blutt, Gordon Bodek, Scott Bok, Christopher Browne, Gilbert Casellas, Raymond Ch'ien, Gloria Twine Chisum, John Clark, David Cohen, Susan Danilow, James Dunning, William Egan, Jay Fishman, Amy Gutmann, Alan Hassenfeld, Andrew Heyer, Stephen Heyman, Paul Kelly, Laurie Landeau, Paul Levy, Robert P. Levy, William Mack, Deborah Marrow, Edward Mathias, Marc McMorris, Andrea Mitchell, Egbert Perry, Richard Perry, Julie Beren Platt, Mitchell Quain, Andrew Rachleff, Katherine Sachs, Marie Savard, Adele Schaeffer, Alvin Shoemaker, David Silfen, J. Peter Skirkanich, Lee Spelman Doty, David Sweet, Susan Taylor, Raymond Welsh, Paul Williams, and Mark Winkelman.


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. Jim Riepe called the meeting to order. He welcomed everyone to the fall meeting of the Board of Trustees.

The minutes of the June 16, 2006 meeting were approved as distributed.

Chair’s Report

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

- Memorial Resolution for F. Eugene Dixon (p.1)
- Memorial Resolution for Richard L. Fisher (p.3).

Mr. Riepe then introduced Kristen Fisher, who thanked the board for the resolution and expressions of condolence for Richard Fisher.
The following resolutions were presented and approved (full resolution text is appended):

- Resolution of Appreciation for Leonard A. Shapiro (p. 5)
- Resolution to Elect Stephen Heyman as Emeritus Trustee (p. 6)
- Resolution to Elect Paul S. Levy as Term Trustee (p. 7)
- Resolution to Elect Edward J. Mathias as Term Trustee (p. 8)
- Resolution to Elect Susan Taylor as Term Trustee (p. 9).

President’s Report
President Gutmann recognized Mr. Riepe for receiving this year’s I Fund Leadership Award. She noted that Penn recently enjoyed several other successes. Penn has appointed two new Penn Ingratiate Knowledge (PIK) professors: Dr. Jonathan Moreno, currently a professor of biomedical ethics and director of the center of biomedical ethics at the University of Virginia; and Dr. Christopher Murray, an inventor, evaluator and currently the manager of the nanoscale materials and devices department at IBM. She indicated that Dr. Murray’s spouse, Cherie Cagin, will be joining the Penn engineering faculty in the department of material science.

President Gutmann also reported that Penn is on the verge of launching two momentous initiatives: Penn Connects, the award-winning eastern campus development plan and the largest fundraising campaign ever, which will realize Penn’s potential as an eminent urban teaching and research university.

President Gutmann stated that Skirkanich Hall, the new bioengineering building, was dedicated yesterday and she thanked Mr. Skirkanich for his support. She indicated that the new building would support Penn’s drive to become the national leader in bioengineering.

President Gutmann explained Penn’s decision to continue its early decision program, and highlighted that the program helps Penn enroll high-achieving and talented students who are passionate about being at Penn. She highlighted the urgent need to increase need-based financial aid. President Gutmann affirmed Penn’s commitment to being national leaders in the growing movement to achieve improved access for middle- and low-income students. She stressed the importance of continuing the momentum for the fundraising campaign with priorities of student financial aid, facilities and faculty support. President Gutmann reported that the nucleus fund for the campaign had hit the billion dollar mark, and acknowledged Bob and Diane Levy’s recent $5 million pledge to the campaign.

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

- Resolution to Reappoint Arthur Rubenstein as Executive Vice President of the University of Pennsylvania for the Health System and as Dean of the School of Medicine (p. 10)
- Resolution to Appoint Joann Mitchell as Vice President for Institutional Affairs (p. 11)
- Resolution to Appoint Anne Papageorge as Vice President for Facilities and Real Estate Services (p. 12).
Academic Report
Provost Ron Daniels announced the appointment of Dr. Steve Fluharty as the new Vice Provost for Research. As Vice Provost, Steve will shape policy and events, and lead administrative initiatives for Penn’s 750 million dollar research enterprise. His responsibilities will include strategic planning, development of new facilities, fostering linkages between the University and industry, and facilitating a transfer of technology to the private and public sectors. Provost Daniels noted that the most important qualities in a Vice Provost for Research are a capacity to reach out and galvanize the entire University community to enhance the research enterprise, and a real sensitivity to the different ways in which schools within the University undertake research.

Provost Daniels also reported on a new private program for undergraduates, the Civic Scholars program. Beginning with the class of 2011, the program will recruit a cohort of 10-15 students per class to engage in leadership development activities, coursework, and research related to community service. He also talked about a new fellowship created this year at the urging of GAPSA. This fellowship for interdisciplinary innovation seeks to reduce barriers to interdisciplinary graduate study, and the first six projects funded under the program successfully showcased the ideals behind the fellowship.

He also mentioned that the provost’s office has just produced a comprehensive manual entitled “Graduate Supervision for Doctoral Students.” The document describes the responsibilities of students in Ph.D. programs, and provides guidance on how to best maintain a productive relationship with committee members. It intended to clarify the roles of students and faculty and to promote strong mentoring relationships.

In undergraduate news, Provost Daniels reported that Penn is making a significant new investment in the Center for Undergraduate Research and Fellowships (CURF). Whereas students currently have the opportunity to become involved with CURF at the end of their sophomore year, the opportunity will now be extended earlier in the undergraduate program. He explained that the goal of this adjustment is to help students build resumes for graduate school, as well as enhance their prospects for securing fellowships.

Provost Daniels closed by giving an update on Penn Design’s new initiative, working with the Philadelphia City Planning Commission on a project to plan and develop the Delaware Riverfront. The project will culminate in the summer of 2007 with the plan, models, an exhibition of new development parks and public spaces, and the recommendation of an entity to oversee the implementation of the project.

The following resolution was presented and approved (full resolution text is appended):
- Resolution on Faculty Appointments, Leaves and Promotions (p. 13).

Financial Report
Executive Vice President Craig Carnaroli reported that the audited financial statements were presented yesterday to the Audit Committee, and that it was a very successful year.
He attributed this to Penn’s successful philanthropy – on the contributions line – as well as strong investment performance and good business practices. He praised the Health System in particular, for achieving the highest level of profitability in its history.

He also provided a report for the first quarter of the new fiscal year, and commented on the continuance of strong gains overall.

He noted that the two areas being monitored that are of concern are the slowing of sponsored program revenue, and the increase in employee benefit costs.

He highlighted one line item in the financials. Each year the University, exclusive of the Health System, spends about 700 million dollars on goods and services that they run through a system called Ben Buys. He noted that this group continues to set very high standards, not only for higher education but within the procurement industry in general. For example, Mr. Carnaroli stated that last year the University spent close to 73 million dollars with local community businesses including 52 million dollars with diversity suppliers which included 13.9 million dollars with African American owned businesses.

He added that Penn has saved close to seven million dollars through negotiation contract and revenue generation initiatives, and we continue to add new suppliers to the marketplace. Presently Penn has over 153 suppliers in their marketplace, 32 of which are diversity suppliers. This year there are a number of exciting new initiatives underway, including partnerships with Drexel University, as well as several streamlining procedures.

**Penn Medicine Report**

Executive Vice President for the Health System Dr. Arthur Rubenstein reported that Penn Medicine continues to be guided by the strategic plan that was approved over three years ago. The plan implements key initiatives in support of their missions of research, education, and patient care. He reported that each aspect of these goals is progressing nicely: the Perelman Center of Advanced Medicine is under construction, the new parking garage is already completed (on time and on budget), and they are forging ahead with the new proton therapy facility. Mr. Rubenstein also noted the one-year anniversary of the Perelman Center’s groundbreaking, and again thanked everyone for their support in helping bring the project to fruition. Finally, he reported that international efforts for students continue to grow with more students than ever studying abroad during medical school. He stated that these efforts sensitize our students to how medicine is practiced in other countries, both developed and underdeveloped, and they also significantly improve students’ cultural competency when they return. Specifically, he touted the success of the Botswana program.

**Penn Alumni Report**

Penn Alumni Chair Paul C. Williams covered two topics in his update. He first reported on the proposed nominations and elections of alumni trustees for terms beginning in 2007. The nominees are Ms. M. Claire Lomax and Dr. William Cheung. He went on to report that tomorrow the alumni board and the council will meet to review the results and discussions from the two-day retreat of the board of directors regarding the strategic
planning process and the strategic planning task force for alumni relations. He noted that this is the first time a comprehensive University-wide task force of this sort has been assembled and he indicated that the spirit has been collaborative and the results have been encouraging.

Committee Reports
Audit and Compliance
Chair Paul Kelly reported that the Committee received, from outside auditors, a broad-scope review of the changing regulatory focus on various topics of interest to universities and other non-profit organizations. He noted that their major focus was a review of the fiscal year 2006 audited financial statements for the University and the Health System. He reported that, after reviewing these statements with members of the committee and discussion with the financial management of the University and the Health System as well as our outside auditors, the committee approved a resolution to be presented to the board for its consideration today.

The following resolution was presented and approved (full resolution text is appended):
• Resolution to Approve the Audited Financial Statements for Fiscal Year 2006 (p. 46).

Academic Policy
Chair Deborah Marrow reported that the Academic Policy Committee had discussed faculty recruitment and retention. In response to these issues, she stated that the dean’s and the provost’s offices had identified some relevant factors. The committee concluded that these factors include the need for dual career support, the development of more flexible policies for junior faculty with young families, housing support, more effective mentoring, an expedited appointment process, and an increase in endowed chairs and start-up packages. Over the past year the University has put into place a number of new programs and policies that are beginning to take on many of these issues. Finally, she reported that the Committee agreed that the topic of diversity in hiring and retention merits an additional meeting in conjunction with the Ad Hoc Committee on Diversity.

Budget and Finance
Chair L. John Clark reported that the Budget and Finance Committee met yesterday and reviewed the results for fiscal year 2006. He noted that these results were good.

The following resolutions were presented and approved (full resolution text is appended):
• Resolution to Authorize the Acquisition of Property Located at 1001 Chesterbrook Boulevard, Tredyffrin Township in Conjunction with the Proposed Use of Henry P. Erdman Trust Funds for the “Erdman Educational Center” (p. 47)
• Resolution to Authorize the Design of Music Building Renovations and New Addition in the Amount of $1.55 Million (p. 48)
• Resolution to Authorize Renovations to Stemmler 5th Floor in the Amount of $1.16 Million (p. 49)
• Resolution to Authorize the Expansion of the Zebra Fish Facility in Johnson Pavilion in the Amount of $1.615 Million (p. 50).
**Development**
Chair David Silfen reported that the final results for the fiscal year ending in June 2006 set an all time record for the University with 492 million dollars in new gifts and pledges, and cash receipts totaling approximately 409 million dollars. He also reported that yesterday the Development Committee met and covered three topics. There was an update on the campaign briefings that are being hosted for selected donors in seven cities. Four of those have been completed to date: two in Philadelphia, one in Boston and one in New York. Five more are scheduled between now and the end of the year: another in New York, one in Chicago, two on the West Coast and one in London. He noted that Penn consultant John Glier will follow-up the briefings with interviews with specific individual donors to provide additional information on the overall campaign strategy in anticipation of the public launch in October of 2007. In addition, the committee reviewed the proposed volunteer structure for the upcoming campaign, and heard a detailed progress report on the status of alumni relations strategic planning.

**External Affairs**
Chair Andrea Mitchell reported that (given the fact that this meeting took place less than two weeks prior to the midterm elections), the External Affairs Committee focused extensively on the political communications program and initiatives of the Annenberg Public Policy Center: specifically, the National Annenberg Election Survey (NAES), and factcheck.org. She explained that the NAES is a rolling cross sectional survey of an entire election cycle that looks at American political knowledge, media use, and opinions about candidates and issues. It is a source of polling data that only Annenberg students have access to and Ms. Mitchell asserted that it has enabled Annenberg to attract top faculty. She added that factcheck.org publishes regular analyses on what candidates are saying on television, in advertisements, and in speeches, and that it is the industry standard of accuracy and analysis.

Ms. Mitchell also reported that Katherine Colbert gave a presentation on “Justice Talking,” a multimedia educational project which includes a radio show distributed through NPR. Ms. Colbert, the Executive Producer, announced a new initiative with the American Bar Association that will now place “Justice Talking” programming in jury selection rooms across the nation.

Penn Leads the Vote was another major topic. Joe Tierney, the executive director of the Fox leadership program, described how low voter student turnout in the 2000 election on Penn’s campus spurred Fox to initiate the Penn Leads the Vote project to increase student voter registration and voter activity. She noted that the project was remarkably successful in 2004, and that they are maintaining that momentum. They will have a wide-reaching Election Day structure to ensure that more Penn students vote in this midterm election cycle than in any previous election.

**Facilities and Campus Planning**
Chair William Mack reported that the Committee on Facilities and Campus Planning first welcomed Penn’s new Vice President for Facilities and Real Estate Services, Anne
Papageorge. He stated that Architecture Professor Cecil Balmond then presented to the Committee the new pedestrian bridge that Penn will construct, which will cross the Amtrak rail lines near Barrow field. The bridge’s innovative design was explained. Mr. Mack reported that University Architect David Hollenberg gave a presentation updating the Committee on campus landscape projects: ten projects were presented in total, including new walkways in the Hamilton Village area and new sculpture installations. He reported that the final presentation was an update on Penn’s fire safety preparedness, given by Vice President for Public Safety Maureen Rush.

**Neighborhood Initiatives**
Chair Gilbert F. Casellas reported that the Neighborhood Initiatives Committee had received five reports the day before. Executive Director of Real Estate Ed Datz provided an overview of the overall retail portfolio and Penn’s effort to incorporate local and regional vendors into their tenant base. Mr. Datz noted that of the 300,000 square feet of off campus retail space that Penn controls, 100 percent is occupied. With regard to the tenant mix, 61% are independent vendors, and only 17% represent chains. The decision in 2002 to reposition the portfolio has proven successful and sales for many local vendors are far outpacing national averages per square foot. Mr. Datz noted that the upcoming development at 3900 Walnut will help to address gaps in retail offerings that students and community members have identified.

As a second report, Mr. Dash explained the new expansion of the Neighborhood Preservation Development Fund, which seeks to stabilize and improve rental apartment buildings in the neighborhood and to promote a long-term viability of affordable and below-market rate rental rates in the neighborhood.

Maureen Rush, Vice President for Public Safety, provided information on the lighting initiative which consists of three phases: a two million dollar upgrade for pedestrian and street lighting with more than 500 new lights in the Penn patrol area is complete; the second phase, initiated in partnership with Drexel, the University of Sciences, the Science Center, University City District, PECO, the City Streets Department, and SEPTA, will add new lights in a broader area and should be completed this week; phase three will add additional pedestrian lights throughout the campus. Ms. Rush also reported that overall crime is down compared to this time last year.

The fourth report, delivered by Nancy Streim, Associate Dean of the Graduate School of Education, was on the international studies high school. She updated the Committee on the status of negotiations with the school district to open the international studies magnet high school with a freshman class in September of 2007 at a temporary location.

Marie Witt delivered the final report in which she announced that renovations at the Inn at Penn are complete.

**Student Life**
Chair Alan Hassenfeld reported that the Student Life Committee continued their exploration of two topics from the June meeting: college house transition planning, and a
review of the Penn Student Health Service and student health insurance. He stated that College House and Academic Services Faculty Director Dr. Mark Liberman reported that Penn has solved the needs of “orphan freshmen”. As of this fall, the solutions include: 99% of first year students now situated in clusters of at least 15 freshmen, and 95% in clusters of at least 25 freshmen; better web-based and printed material for new students; and extra support for first-year students not housed in the “big three”.

After that update, Student Health Service Director Dr. Evelyn Weiner, outlined the clinical and non-clinical services available to Penn students. The review of the Student Health Service included health fees and insurance premiums, the number of times a student visits health services in a given academic year, mission-based programs, systems and infrastructure, accessibility and affordability and facility and space issues. Current challenges for the Student Health Service include space, staffing, infrastructure, and funding.

The Committee also received a brief update from Brendan Darrow, a college senior who is spearheading the Penn Leads the Vote campaign on campus this fall. Mr. Darrow reported that earlier this month more than 1,500 registration forms were delivered to the election commission by the Penn Leads the Vote students. This year the student goal is to triple the 2002 midterm election turnout with their efforts.

Mr. Hassenfeld closed by recognizing Mark and Julie Platt for a gift that helped created the Special Performing Arts (SPA) House.

**Investment Board**

Mr. Mark O. Winkelman reported on behalf of Mr. Howard Marks that Penn had a terrific performance for the fiscal year ended June 2006. He stated that the endowment returned 12.5%, creating nearly 500 million dollars in investment gains. This brings the total endowment to 5.3 billion dollars at the end of the year. Penn benefited from the diversification of its portfolio into hedge funds, real estate, and private equity in natural resources. The most significant contributor to the performance for the fiscal year was the increase in allocation to international and emerging market equities – both of which substantially out-performed the equity market. The endowment out-performed its composite index by about 70 basis points for the fiscal year. Mr. Winkelman stated that if the endowment performance were measured against its old 70-30 fixed income equity mix, the return would have almost doubled compared to that particular index. While it’s still early to look at the current fiscal year, the results look promising. He noted that the global equity markets have continued to perform very well in the first quarter, improving by almost 4%.

**Appointments to Overseers and Other Boards**

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

- Resolution to Appoint Michael Coslov to the Penn Medicine Board (p. 51)
- Resolution to Appoint Jerome Fisher to the Penn Medicine Board (p. 52)
- Resolution to Appoint Marc Garnick to the Penn Medicine Board (p. 53)
Resolution to Appoint R. David Yost to the Penn Medicine Board (p. 54)
Resolution to Appoint David M. Brashear, Jon L. Greenawalt, Jr., and David J. Katz to the Board of Overseers of the Annenberg Center for the Performing Arts (p. 55)
Resolution to Appoint David J. Teece to the Board of Overseers of the School of Arts and Sciences (p. 56)
Resolution to Appoint Edward T. Anderson to the Athletics Board of Overseers (p. 57)
Resolution to Appoint Susan S. Hakkarainen and Robert P. Heidenberg to the Board of Overseers of the School of Design (p. 58)
Resolution to Appoint Emanuel A. Gonzalez-Revilla to the Board of Overseers of the Graduate School of Education (p. 59)
Resolution to Appoint Rajendra Singh and Robert M. Stavis to the Board of Overseers of the School of Engineering and Applied Science (p. 60)
Resolution to Appoint Jeffrey Chodorow, Barbara Z. Schwartz, and Babette Snyder to the Board of Overseers of the Institute of Contemporary Art (p. 61)
Resolution to Appoint Osagie Imasogie to the Board of Overseers of the Law School (p. 62)
Resolution to Reappoint Ann L. Reed as the Chair of the Morris Arboretum (p. 63)
Resolution to Appoint Diane v.S. Levy and to Reappoint Criswell C. Gonzalez to the Board of Overseers of the University of Pennsylvania Museum of Archaeology and Anthropology (p. 64)
Resolution to Appoint William Floyd, Jr., Melanie Nussdorf, and Martin Silverstein to the Board of Overseers of the School of Nursing (p. 65)
Resolution to Appoint Stuart Teacher to the Board of Trustees of the University of Pennsylvania Press, Inc (p. 66)
Resolution to Appoint Deborah W. Brooks and Steven M. Feldman to the Board of Overseers of the School of Social Policy and Practice and to reappoint Andrew Heyer as the Board’s Chair (p. 67)
Resolution to Reappoint Robert Fairchild to the Board of Overseers of the School of Veterinary Medicine (p. 68).

Respectfully submitted,

Leslie Laird Kruhly
Secretary of the University