MINUTES

A Stated Meeting of the Trustees of the University of Pennsylvania was convened on Thursday, September 20, 2007, at 1:50 p.m. in Bodek Lounge, in Houston Hall.

Trustees present at the meeting were: James S. Riepe (Chair), Christopher Browne, L. John Clark, David Cohen, Amy Gutmann, William Mack, Deborah Marrow, Andrea Mitchell, Egbert Perry, Alvin Shoemaker, David Silfen, J. Peter Skirkanich, Paul Williams and Mark Winkelman.

Administrators and guests present were: Robin Beck, Mary Lee Brown, Craig Carnaroli, Ronald Daniels, Thomas Farrell, Bonnie Gibson, Eduardo Glandt, Jack Heuer, Rebecca Kaplan, Leslie Laird Kruhly, Judith Kurnick, Marguerite Miller, Gail Morrison, Susan Phillips, Gregory Rost, Maureen Rush, David Soo and John Zeller.

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.

Chairman Riepe called the meeting to order.

Chair’s Report

Chairman Riepe welcomed everyone to the first meeting of the academic year. He noted that the year was off to a great start, with one of the best freshman classes ever and a “top notch” faculty.

The minutes of the May 10, 2007 meeting were approved as distributed.

President’s Report

President Gutmann stated that Penn has great momentum as everyone gears up for the largest capital campaign in the University’s history. She began with an overview of campus development. Dr. Gutmann noted that in 2004 the campus landscape featured the unusable Civic Center, the crumbling former Hillel House, a run-down shopping complex on 39th and Walnut Streets and neglected parking lots. The Civic Center has since been torn down and the Perelman Center for Advanced Medicine and the Roberts Proton Therapy Center are under construction. The University is completing plans to build a new $370 million, 13-story medical research tower atop the Roberts Proton Center. Dr. Gutmann stated that when these facilities, totaling more than $800 million, open in the next few years, Penn will be a powerhouse in cancer and cardiac translational research. The new home for the Annenberg Public Policy Center is also under construction on the former site of the Hillel House. Dr.
Gutmann noted that the completed Lynch Laboratory, Hill Pavilion and Skirkanich Hall have been hailed widely. She then drew everyone’s attention to several new projects. First, transformation of the surface parking lot along Walnut between 33rd and 32nd Streets will soon commence thanks to a $20 million gift from SEAS overseer Krishna Singh. The gift will fund a new nanoscale research center and teaching facility on that site. Dr. Gutmann noted that another surface parking lot at 34th and Chestnut Streets has already been replaced by the Domus apartment complex. Finally, construction on the Radian student apartment complex is proceeding rapidly on the former site of a shopping strip location. The Radian is scheduled to open in August 2008.

Dr. Gutmann explained that Penn has leased the former Postal Service Truck Terminal Annex site on 30th Street to Brandywine Realty Trust, which will develop an office and a parking complex on the site. She noted that the complex will be designed by the architectural firm of Pelli Clarke Pelli, and will stimulate economic development while furnishing Penn with 100,000 square feet of administrative office space. During this academic year the University will also begin work on an athletic and recreational park east of Franklin Field. A new bi-level athletic and fitness facility is also being designed under the north side of the Franklin Field Arcade. Dr. Gutmann remarked that this facility will mark the first step in transforming the sports complex into the Palestra Green.

Dr. Gutmann then discussed financial “fundamentals,” noting that Penn’s endowment has grown by 65% over the past three years, from $4 billion on July 1, 2004 to $6.6 billion as of June 30, 2007. University-wide fundraising had another successful year with nearly $450 million in new commitments, cash receipts of $397 million, and record-breaking annual giving of $53.4 million with support for the Penn Fund at more than $24 million. Unrestricted net assets at Penn Medicine rose to $351 million, which is a 67% increase over the previous year.

Dr. Gutmann gave an update on academic matters, stating that Penn’s students, faculty and academic leaders are more eminent than ever. Regarding students, Dr. Gutmann noted that Penn broke all previous admissions records for applications, selectivity and yield. Applications for the class of 2011 rose by 10.6%, to 22,645, while Penn’s admit rate fell to an all time low of 16%. The academic quality of this class is also higher: Average SAT scores were 702 on the writing, compared to 695 last year; and 719 in math, compared to 718 last year. The SAT combined average score is 2,118 this year compared to last year’s 2,103.

Dr. Gutmann stated that the first five Penn Integrates Knowledge appointments are having an energizing and integrating impact on teaching and research at Penn. She noted that since she took office, Penn has hired more than 500 new distinguished faculty members, including 100 this fall. This fall, Penn also welcomed Andrew Porter, the new dean of the Graduate School of Education, and Thomas S. Robertson, the new dean of the Wharton School. Dr. Gutmann additionally recognized Thomas Sollecito for serving as interim dean of Penn Dental Medicine while Dean Marjorie Jeffcoat recovers from illness.

Dr. Gutmann related that she visited Botswana last month, where Penn is helping the government and the University of Botswana battle the societal consequences of the world’s
second highest incidence of HIV and AIDS. She stated that the Botswana/Penn partnership is improving outcomes while developing Botswana’s capacity and helping it build a new school of medicine. Dr. Gutmann explained that the Botswana program is a collaborative program across the University, with Penn Medicine at its center and also involving Penn Nursing, Wharton, Annenberg, and the Office of the Provost. She noted that the program confirms her view that it is more worthwhile for Penn to undertake international initiatives “deeply” in select places rather than “shallowly” across the world.

Dr. Gutmann concluded by announcing that Penn opened a new integrated healthcare and health education clinic at the Sayre School earlier this month. She stated that the federally-funded program is a family health center run by Penn’s School of Medicine, Nursing and Dental Medicine. It is available to Sayre School children and families in West Philadelphia.

**Academic Report**

Provost Ronald Daniels gave the academic report. He began by noting how appreciative the University of Botswana was for Dr. Gutmann’s visit there this summer, and that the Penn-Botswana relationship has gained momentum.

Mr. Daniels announced that Richard Hodges has joined the University as the new Williams Director of the Museum of Archeology and Anthropology. Dr. Hodges was formerly the director of the Institute of World Archeology at the University of East Anglia. Mr. Daniels noted that Dr. Hodges will bring a strong sense of the role of the museum in contemporary society, along with very impressive scholarly credentials. Mr. Daniels stated that Dr. Hodges’ first address to the museum staff a few weeks ago was a resounding success.

Mr. Daniels also announced that Vincent Price has been appointed Associate Provost for Faculty Affairs. Dr. Price comes from the Annenberg School and was formerly chair of the Faculty Senate. Mr. Daniels noted that in the past few months Dr. Price has done exceptional work in developing a number of initiatives in regard to faculty diversity and faculty recruitment.

Mr. Daniels stated that this fall the University welcomed its inaugural class of Penn World Scholars, a program that resulted from the President’s and Provost’s Task Force on Globalization. The Task Force recommended that the University provide more targeted assistance to students from the developing world who would be unable to attend Penn without financial aid. This year the program brought in eight students from Bolivia, Brazil, Bulgaria, Ecuador, Latvia, Pakistan, the Palestinian territories, and South Africa. Mr. Daniels noted that these eight freshmen have come to Penn to build professional careers for themselves and are strongly committed to taking their leadership skills back to their home countries and regions. He expressed hope that the program would expand as funding grew.

Finally, Mr. Daniels provided an update on the Law School. He announced that Dean Michael Fitts had recently recruited three new senior faculty members, all of whom were also being heavily recruited by Penn’s peer institutions. He noted that the new colleagues strengthen the existing Law School faculty in criminal procedure, civil procedure and
intellectual property. He reported that with these hires, in seven years the school’s complement has increased from 33 to 45 faculty members. Virtually half of the faculty members at the school have an appointment in, or affiliation with, another school at the University. Mr. Daniels explained that the school has also recently implemented a visiting professor of law program that will bring leading scholars from all over the world to the school for brief periods of time. Despite the national downward trend in law school applications, applications to Penn Law have continued to increase and the school’s acceptance rate has dropped to 15%. The entering class of 2007 is expected to be the strongest and most competitive in the Law School’s history.

The following resolution was presented and approved (full resolution text is appended):
- Resolution on Faculty Appointments, Leaves and Promotions (p. 1).

Financial Report

Executive Vice President Craig Carnaroli delivered the financial report. Mr. Carnaroli stated that the consolidated University saw net asset growth of $1.4 billion this past year, which was principally driven by very strong investment performance as well as favorable operating performance in the Health System. The academic component exceeded its budget this past year, primarily due to lower capital spending than was anticipated. Mr. Carnaroli noted that his office continues to monitor the activity in the sponsored program and research area because it remains a source of concern.

Mr. Carnaroli reiterated that the Health System had an exceptionally strong year. Robust operating margins were used to fund improvements to the Health System’s physical plant and to “restore” the Health System’s balance sheet. Mr. Carnaroli noted that the Health System’s debt to capitalization ratio, a measure of leverage, has dropped from 92% in 2000 down to the current 46%.

Penn Medicine Report

Medical School Vice Dean for Education Dr. Gail Morrison presented the Penn Medicine report in Dean Arthur Rubenstein’s absence. Dr. Morrison stated that Penn Medicine is beginning the new academic year with a sense of optimism and pride in both the Medical School’s accomplishments and in the students and faculty who choose to come to Penn Medicine. She noted that it had been nearly five years since the Trustee Executive Committee approved the strategic plan for Penn Medicine, and Penn Medicine is rapidly approaching the fulfillment of the plan’s expansion strategy. She noted that next year, the Perelman Center for Advanced Medicine will open for patients, the Roberts Proton Therapy Center will open the year following, and by late 2010 a new research tower will provide much needed laboratory space for faculty. On behalf of the faculty and students, Dr. Morrison expressed heartfelt gratitude to Dr. Gutmann, Mr. Daniels, and the Board of Trustees for their support.

Dr. Morrison noted that grant dollars are “extremely scarce” at the moment, but Penn Medicine is continuing to attract grant support, thanks to its high quality researchers. She praised the caliber of the Medical School’s younger scientists and reported that Dr. James
Shorter, Assistant Professor of Biochemistry and Biophysics at the School of Medicine, has been named the recipient of the 2007 NIH Director’s New Innovator Award. This highly prestigious award recognizes bold ideas from some of the nation’s most innovative new scientists. More than 2,100 applications were received for this extremely competitive program.

Dr. Morrison stated that this year’s incoming class of 153 students has outstanding academic qualifications supported by exceptional accomplishments. She noted that the Medical School received over 6,300 applicants. The new Medical School class began with the traditional white coat ceremony in August – the bestowing of the first white coat, symbolizing the responsibility of becoming a physician.

**Budget and Finance Report**

Budget and Finance Chair John Clark reported that the Budget and Finance Committee reviewed the unaudited results for the fiscal year 2006-2007 for total University, academic component, and Health System both on an absolute basis and also an actual versus budget in prior year. After review, the results were approved. He echoed Mr. Carnaroli’s sentiments that the results are excellent.

The following resolutions, already reviewed and approved by the Budget and Finance Committee, were presented and approved (full resolution text is appended):

- Resolution to Authorize Campus Electrical Infrastructure Upgrades Phase II in the Amount of $5.68 Million (p. 38).
- Resolution to Authorize the Design of Penn Park in the Amount of $3.68 Million (p. 39).
- Resolution to Authorize the Purchase of 3928 Spruce Street, Philadelphia, Pennsylvania in an Amount Not to Exceed $1.45 Million (p. 40).
- Resolution to Authorize the Renewal of Lease Space to be Occupied by the School of Medicine Treatment Research Center at 3900 Chestnut Street with a Net Present Value of $1.18 Million (p. 41).

The meeting concluded at 2:14 p.m.

Respectfully submitted,

Leslie Laird Kruhly
Secretary of the University