A Stated Meeting of the Trustees of the University of Pennsylvania was convened at 11:21 a.m. on Friday, October 31, 2008 in the Woodlands Ballroom at the Inn at Penn. Trustees present at the meeting were: James S. Riepe (Chair), Arlin Adams, Mark Alderman, Robert Blank, Mitchell Blutt, Gordon Bodek, Scott Bok, Christopher Browne, David Brush, Gilbert Casellas, Susan Catherwood, William Cheung, Gloria Twine Chisum, L. John Clark, David Cohen, Pamela Daley, Susan Danilow, James Dunning, William P. Egan, Jay Fishman, Robert Fox, Perry Golkin, Joel Greenblatt, Amy Gutmann, Alan Hassenfeld, Andrew Heyer, Stephen Heyman, Paul Kelly, Laurie Landeau, William Lauder, Robert P. Levy, M. Claire Lomax, William Mack, Howard Marks, Deborah Marrow, Edward Mathias, Daniel Och, Egbert Perry, Julie Beren Platt, Mitchell Quain, Katherine Stein Sachs, Marie Savard, Adele Schaeffer, Alvin Shoemaker, David Silfen, J. Peter Skirkanich, Lee Spelman Doty, Susan Taylor, Robert Toll, George Weiss, Paul Williams and Mark Winkelman.

Administrators and guests present were: Edward Anderson, Marlene Arnold, Mary Lee Brown, Jonathan Cardenas, Craig Carnaroli, Monisha Chakravarthy, Jeffrey Cooper, Ronald Daniels, Lori Doyle, Amy Fantasia, Eduardo Glandt, Stephen Golding, Samuel Greenawalt, Gary Hack, Sean Hennessy, Ryan Houston, John Hover, Charles Howard, Marilyn Jordan Taylor, Eric Kaplan, Leslie Laird Kruhly, Dawn Maglicco Deitch, Adam Michaels, Marguerite Miller, Medha Narvekar, Lawrence Nussdorf, Shaun O'Malley, Anne Papageorge, Joseph Rascoff, Andrew Rennekamp, Gregory Rost, Maureen Rush, David Soo, Hoopes Wampler, Wendy White, Marie Witt 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 at 11:21 a.m.

Chair’s Report

Chairman Riepe welcomed everyone to the fall meeting of the Trustees. He acknowledged Al Shoemaker’s tremendous contributions to the University and thanked everyone for attending the celebration the night before. Mr. Riepe also invited everyone to participate in alumni events taking place over the homecoming weekend.

Mr. Riepe stated that the meetings over the past two days have focused on the impact of the economic downturn and how this will affect Penn’s operations. Although the economy is uncertain, Mr. Riepe assured the Trustees that Penn’s administration is well-equipped to handle any ripple effects caused by the economy.

University Chaplain Reverend Charles Howard presented the invocation.

The minutes of the June 20, 2008 meeting were approved as distributed.

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

- Resolution to Amend the Statutes of the Trustees of the University of Pennsylvania
Nominating Committee Report

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

- Resolution of Appreciation for Mitchell J. Blutt
- Resolution of Appreciation for Alan G. Hassenfeld
- Resolution of Appreciation for Mitchell I. Quain
- Resolution of Appreciation for Alvin V. Shoemaker and Designation as Emeritus Trustee
- Resolution to Elect David M. Silfen as Charter Trustee
- Resolution to Elect William P. Egan II as Term Trustee
- Resolution to Elect Katherine S. Sachs as Term Trustee

Dr. Blutt, Mr. Hassenfeld, Mr. Quain and Mr. Shoemaker each spoke about their relationship with Penn and what their involvement with Penn as trustees has meant to them.

President’s Report

President Gutmann thanked everyone for attending the Stated Meeting even though it conflicted with both Halloween and the Phillies World Series Parade. Dr. Gutmann then summarized a letter she had written the previous week to students, faculty, staff, trustees, overseers and alumni about the impact of the economic climate on Penn:

The combination of the University’s prudent management of resources and keen focus on strategic priorities serves Penn well. Recent circumstances give Penn an opportunity to show an unparalleled level of focus. Penn’s ability to do more with less also gives a competitive advantage as it continues to support the best and brightest students, regardless of economic background, and recruit and retain the most eminent teachers and scholars.

Dr. Gutmann then reported on recent landmarks in three important areas:

- Fundraising
- Campus development
- Global engagement

Dr. Gutmann noted that a year after launching Making History: The Campaign for Penn, multiple fundraising records have been set: $607.5 million in new commitments, $475.9 million in cash receipts, and $55.7 million in annual giving. Support for the Penn Fund reached another all-time record of more than $27 million. As of October 28, Penn had raised $2.19 billion and is 63% toward its $3.5 billion goal. The campaign goal for FY09 is $450 million. Dr. Gutmann stated that meeting this goal will be more challenging due to current market conditions although Penn is ahead of projections for this year with $129 million in new gift commitments and $110.2 million in cash receipts.

Dr. Gutmann next turned to campus development and reported that the University is making great progress on academic, research and multi-use real estate projects and highlighted several examples. The new retail post office and demolition of the Annex site are complete and the renovation of the old post office building into office space for 6,000 IRS employees has begun. In addition, the design of Penn Park is nearing completion. Components of Penn Park’s Weave Bridge, which will make travel between new and existing fields safer and more convenient, are being fabricated. Construction of the Weiss Fitness Pavilion will soon begin and will feature a state-of-the-art strength and conditioning facility for the University's athletic teams, a training room, and a fitness center for all members of the Penn community.

Dr. Gutmann thanked George Weiss for making this project possible and enabling Penn to move forward with it so speedily. Dr. Gutmann also stated that Mr. Weiss’s gift has had a multiplier effect and Penn has
Dr. Gutmann summarized initiatives to increase Penn’s engagement abroad. She indicated that she will travel to Dubai along with other Penn faculty members to take part in the World Economic Forum’s Summit on the Global Agenda. Later, she will travel to Ghana to participate in the African University Leaders’ Forum. Next, she will visit several universities in China to explore potential new partnerships and host alumni events in Beijing, Hong Kong and Shanghai. Finally, in late January, Dr. Gutmann will spend a few days in Davos, Switzerland with Wharton Dean Tom Robertson and other Penn faculty members for the Annual Meeting of the World Economic Forum.

Dr. Gutmann presented the following two resolutions (full resolution text is appended):

- Resolution of Appreciation for Gary Hack
- Resolution to Appoint Marilyn Jordan Taylor as Dean of the School of Design

Penn Medicine Report

Provost Ronald Daniels gave the Penn Medicine report on behalf of Executive Vice President for the Health System and Dean of the School of Medicine Arthur Rubenstein. Provost Daniels noted that Penn Medicine is a $3.6 billion enterprise and despite challenging economic times, it continues to achieve significant accomplishments.

Provost Daniels provided the following updates: the Perelman Center for Advanced Medicine is now open, the Abramson Cancer Center will move into the Perelman Center in December, followed by the Cardiology Center just after the New Year, the Roberts Proton Therapy Center is well under way and will be ready for patients next fall, and much progress has been made on the Fisher Translational Research Center.

In addition to celebrating these incredible capital projects, Provost Daniels also commended the faculty for their accomplishments. He highlighted the new class of Penn faculty members elected to the Institute of Medicine. This year, Penn was fortunate to have six faculty elected to the Institute, five of whom are from Penn Medicine, which is the highest number ever for Penn Medicine, and constitutes the highest number of inductees from any university in the country. Those elected were Jean Bennett, Jonathan Epstein, Garret Gretsky, Jay Sanford Schwartz, Ralph Muller and Linda McCauley.

Academic Report

Provost Daniels provided an update from the Veterinary School. He noted that in 2009 Penn Vet will celebrate its 125th anniversary and will host a variety of events to recognize this milestone, including a free vaccination clinic for dogs and cats in an underserved area of Philadelphia. On October 17th, the School launched its $125 million initiative, Making History: The Campaign for Penn Vet, in tandem with groundbreaking on the James Moran Critical Care Center, a state-of-the-art facility for large animal patients at the New Bolton Center.
Provost Daniels noted that the University was recently honored to host the FBI and allied agencies at a major agro-terrorism exercise at the New Bolton Center, designed to test the region’s response to the potential spread of a foreign animal disease in the local livestock population. Provost Daniels added that the school is once again accepting nominations for the prestigious Penn Vet World Leadership in Animal Health Award. Each year the school awards $100,000 to a veterinarian who has dramatically changed the practice and image of the profession and substantially influenced the lives and careers of others. This award has a great deal of salience within the veterinary community and the school is honored to be able to host it.

Provost Daniels then presented the following resolution (full resolution text is appended):

- Resolution on Faculty Appointments, Leaves and Promotions

Financial Report

Executive Vice President Craig Carnaroli indicated that the materials provided contain the financial statement through August and shared the most up-to-date numbers. Mr. Carnaroli noted that the impact on the financial markets has had an effect on the University’s balance sheet and income statement. There was a decline in the University’s net asset position by approximately $500 million. He added that this decline principally impacted the academic component as most of the endowment is contained there. With respect to contributions, the University continues to see a strong growth relative to FY07 levels, due mostly to the Making History Campaign. Through the first three months of the year, there has been good progress in across the board contributions – operating gifts, capital, as well as endowment. Mr. Carnaroli added that sponsored programs research is holding flat and might even see very modest growth this year.

Mr. Carnaroli highlighted a new initiative by the Provost and the Vice Provost for Research, a bridge funding program, which helps faculty with interim funds while they are between grants. This modest $1.5 to $2 million investment spread across 40 faculty members has resulted in new awards in excess of $10 million.

Mr. Carnaroli turned to the health system, noting that it had also felt the ripple effects of the economy, largely in the non-operating area. As it has rebuilt its balance sheet and invested excess working capital in the AIF, it realized a decline in non-operating revenue for the first quarter. On the operating side, the health system is slightly under budget. Mr. Carnaroli noted that this is also a national trend as it relates to elective procedures. Core strategic areas, such as cardiac and cancer, continue to see strength and volume.

Looking ahead to the remainder of the fiscal year, Mr. Carnaroli assured the Trustees that the financial managers of the University were working closely with Dr. Gutmann and Provost Daniels to model outcomes for FY09 as well as planning parameters for FY10 and beyond.

Academic Policy

Academic Policy Committee Chair Dr. Deborah Marrow reported that the Committee examined the role of collections in undergraduate education. While historically Penn’s collections have been crucial scholarly resources for faculty and graduate students, undergraduates have traditionally had less access to them. Dr. Marrow stated that the meeting focused on two significant university collections, the Rare Book and Manuscript Library and the Penn Museum, and the various opportunities and challenges to their integration into the undergraduate program.

Dr. Marrow summarized a presentation by Ann Matter, Professor of Religious Studies and Associate Dean for the School of Arts and Sciences, on the use of the Rare Book and Manuscript Library. Dr.
Matter noted that while the collection was once highly restricted, today, faculty from a variety of courses across schools, such as Arts and Sciences and Design, routinely incorporate rare manuscripts into their classes, bringing students into the Rare Book and Manuscript Library to use the materials. Undergraduates also conduct research projects and generate exhibits.

Dr. Marrow also reported on a presentation by Richard Hodges, Williams Director of the Penn Museum of Archaeology and Anthropology. Dr. Hodges discussed the extensive collections housed at the Penn Museum and the various ways the materials are accessed: by scholarly work, museum programs, and other cultural heritage activities. For the Museum, however, undergraduate access has been challenging as few courses utilize the collections. Dr. Hodges discussed the various ways the Museum has set out to address this challenge, including the creation of a student advisory board, the addition of staff to work on educational initiatives that involve departments across the university, the use of student curators at exhibits, and the development of digital collections to facilitate access. Dr. Marrow stated that Abby Seldin, the first student to create a museum exhibit, talked about her experience with the collections as an undergraduate major in anthropology. Dr. Marrow then recapped the Committee’s discussion on ways to increase student access to collections by increasing awareness, creating new courses and enhancing the use of digitization.

Audit & Compliance

Audit and Compliance Chair Jay Fishman provided a summary of all Committee reports. Mary Lee Brown, Associate Vice President for Audit, Compliance, and Privacy gave an update on the status of the FY09 Audit Plan. Ms. Brown presented her report on the activities of the Office for the quarter and a report on outstanding audit issues. Vice President for Business Services Marie Witt and Chief Procurement Officer for Business Services Ralph Maier then provided a report related to SAS 112 on the work that is being done to improve purchasing activity and efficiency. Mr. Fishman noted that, even in these more challenging economic times, the University has seen very significant savings in these early days of the program. Chief Privacy and Institutional Compliance Officer Lauren Steinfeld gave a report to the Committee on efforts underway to meet a new Federal Trade Commission requirement related to identity theft, referred to as the Red Flags Rules Program. Meaningful steps have been taken to establish a rigorous identity theft prevention program and the University is in compliance. Robert Blank summarized the Penn Medicine Audit Committee meeting of September 10th. Additionally, the Committee received and reviewed the management letter for FY08 from PricewaterhouseCoopers and reviewed the plan for responding to comments raised in that letter. Finally, the Committee discussed PwC’s succession plan for Penn’s engagement partner, William Stulginsky. John Mattie, his designated successor, attended the meeting and Mr. Fishman welcomed his participation.

Mr. Fishman presented the following resolution (full resolution text is appended):

- Resolution to Oversee the Development, Implementation and Administration of the Federal Trade Commission (FTC) Red Flags Rule Program

Budget & Finance

Budget and Finance Chair Mark Winkelman provided a summary of Committee reports. Vice President of Finance and Treasurer Stephen Golding and Vice President for Budget and Management Analysis Bonnie Gibson reported on the consolidated and academic financial results for the period ending September 30. The Committee noted a decrease in the University’s net assets, largely due to a decline in the investment results in the endowment. University Health System Senior Vice President and CFO Keith Kasper gave an update on the Health System’s financial results for the same period. Both University Health System CEO Ralph Muller and Mr. Kasper noted the surprisingly slow activity level in August, followed by some improvement in September, and good performance in October. On the non-operating side, the System

Click here for full texts of resolutions

Click here for full text of financial report
was similarly affected due to market conditions in its investments. School of Arts and Sciences Dean Rebecca Bushnell presented a report and a financial overview of the School.

Mr. Winkelman presented the following resolutions (full resolution text is appended):

- Resolution to Authorize Design and Construction of the Richards Building and John Morgan Building Renovations for Otorhinolaryngology in the Amount of $1.085 Million
- Resolution to Authorize the Purchase and Delivery of a PET/CT Scanner for the Roberts Proton Therapy Center at the Perelman Center for Advanced Medicine in the Amount of $1.4 Million
- Resolution to Authorize the University Museum Purchase of a Collections Database Management System in the Amount of $1.578 Million
- Resolution to Authorize the Design Development for a New College House on Hill Square for an Additional $2.8 Million (for a Total New College House Budget to Date of $5 Million)
- Resolution to Authorize the Purchase and Replacement of an Air Handling Unit, Back-up Chiller and Emergency Generator for University Laboratory Animal Resources at Stemmler 5 in the Amount of $5.85 Million
- Resolution to Authorize Rodin/DuBois College House Interior Renovations in the Amount of $29.8 Million
- Resolution to Authorize the Ground Lease and Development by the Lessee of the Property at 3939-41 Chestnut Street
- Resolution to Authorize the Refinancing of Certain University of Pennsylvania Health System Indebtedness

Development

Development Committee Chair David Silfen reported that FY08, the first public year of the Making History Campaign, served to be the best in the history of the University. In the current fiscal year, fundraising, in spite of the difficult environment, had exceeded projections. Mr. Silfen noted that as of October 31, 2008, commitments to the Campaign totaled $2.19 billion, 63% of the overall $3.5 billion goal.

Mr. Silfen discussed efforts being made to reach out to alumni and friends throughout the country and around the world and to engage their interest in and commitment to the University’s ambitious plans for the future. He highlighted a successful program in Manhattan, “Engaging Minds,” that brought three Penn professors to New York City for “Jazz at Lincoln Center,” a highly successful, sold-out, half-day program. Mr. Silfen stated that the Committee planned similar events for faculty and alumni in Washington DC, Shanghai, Beijing, Atlanta and Dallas.

Mr. Silfen then provided an overview of the Committee’s discussion surrounding a presentation led by John Zeller of the recent assessment of Penn’s international development and alumni relations programs. The Committee is in the process of assessing recommendations for specific plans and initiatives to maximize engagement with alumni throughout Europe and Asia.
Mr. Silfen thanked the Trustees, the Committee and the staff for their support and assistance during difficult economic times.

**External Affairs**

Dr. Marie Savard gave the report on behalf of External Affairs Committee Chair Andrea Mitchell. Dr. Savard stated that Jeffrey Cooper, the new Vice President of the Office of Government and Community Affairs, gave an overview of his goals and objectives for his office. He also discussed the recent economic crisis and how it has impacted the University relative to the Commonwealth and the City. Maureen Rush, Vice President for Public Safety, presented a 10-minute video on Public Safety targeted to parents, students, faculty and staff. While crimes against persons are down 42%, crimes against property are up 6%.

Dr. Savard then relayed the committee’s discussion of the University’s role in this election year. Lori Doyle, Vice President for Communications, presented recent news coverage about Penn. Dr. Savard noted that Penn faculty participated in over 180 interviews on the campaign and the election this year, which gave the University an opportunity to brand itself in national and international markets. Bill Andresen, Associate Vice President for Federal Affairs, and Larry Bertuola, Director for Federal Affairs, Office of Government and Community Affairs, described the higher education platforms of the Presidential candidates. Three undergraduate seniors presented the University’s preparations for the campaign. Dr. Savard added that over 4,000 new voters have registered, largely as a result of the efforts of Penn Democrats, Penn College Republicans and Penn Leads the Vote.

**Facilities & Campus Planning**

Facilities and Planning Committee Chair William Mack stated that the Committee received reports on campus-wide sustainability issues and University real estate holdings and development updates. Anne Papageorge, Vice President for Facilities and Real Estate, gave a presentation highlighting the establishment of an environmental sustainability advisory committee composed of students, faculty and staff targeting LEED certification for all new construction and engaging students in innovative energy-saving techniques. The T.C. Chan Center completed documentation of Penn’s carbon footprint and Facilities and Real Estate Services appointed a sustainability coordinator and launched a new website to communicate the University’s achievements. The success of these achievements and others has resulted in Penn improving its Sustainability Endowments Institute rating from B to A-, placing the University among the top 15 in the nation.

Edwin Datz, Executive Director of Real Estate, provided an overview of the University real estate holdings and development updates. Mr. Datz highlighted the continued strength in retail and residential occupancy rates, which achieved an average increase of 11% in operating income over the past five years. Mr. Mack noted that University development projects starting in the mid-90s have fostered nearly $500 million in private capital investment and ground lease projects such as the HUB, Domus and the Radian. Additionally, the University has reinvested in University-owned property maintenance and requires its development partners to do the same, which will hopefully ensure long-term value for its entire real estate portfolio.

Next discussed was the new project called HUB-3, which is a planned addition adjacent to the successful HUB-1 residential and retail project at 40th and Chestnut Streets. Architect James Piatt presented the renderings and floor plans of the eight-story mixed-use project which will include 60 apartments and 12,000 square feet of retail space. As with the earlier HUB project, the $19.5 million private capital financing is in place and is supported by New Market tax credits. The second phase is scheduled for later this year and is projected to be available for occupancy in January 2010.
Neighborhood Initiatives

Neighborhood Initiatives Committee Chair Susan Taylor stated that the Committee received several very important reports from various Penn administrators.

At the committee meeting, Jeffrey Cooper, Vice President for Government and Community Affairs, shared his first impressions and goals for strengthening relationships with Penn’s neighbors in both West Philadelphia and east of the river. He also outlined plans for expanded collaborations with external organizations that support Penn’s efforts to increase economic inclusion in procurement, construction, employment and education.

Maureen Rush, Vice President for Public Safety, provided an update on Penn’s safety and security initiatives. The data on crimes within the Penn patrol zone, as compared with other areas of the City of Philadelphia, demonstrate the effectiveness of recent investments in safety and security, including the reorganization and deployment of the Allied Barton Security team and providing improved street lighting. She also described the University’s emergency preparedness efforts as a part of the Penn Ready Initiative.

Anne Papageorge, Vice President for Facilities and Real Estate Services and Edwin Datz, Executive Director of Real Estate, provided an update on the Neighborhood Preservation Fund. Their update included an overview of the Fund’s holdings. They also provided a brief update on the impact of current market conditions on the Division’s initiatives and the potential opportunities that may be available.

Finally, Vice President for Business Services Marie Witt and Director of Home Ownership Services Toyin Moore updated the Committee on the utilization of Penn’s mortgage programs and highlighted the information and educational initiatives aimed at preparing employees for home ownership. They also described the impact of the economic downturn on the programs and activities that support Penn’s efforts to ensure that its surrounding neighborhoods continue to thrive.

Student Life

Student Life Chair Julie Beren Platt reported that the Committee received a briefing on new processes and systems for undergraduate admissions and an update on alcohol education and intervention programs.

Eric Furda, Dean of Admissions, demonstrated the new OASIS online system for submission and processing of undergraduate admission applications. He highlighted its role in improving student admission processing for University admissions staff, alumni secondary school committees, and prospective students and parents.

Julie Lyzinski, Interim Director of the Office of Alcohol and Other Drug Program Initiatives, provided an update on ongoing outreach, educational and intervention efforts related to student alcohol use and abuse on campus. In particular, committee members previewed portions of the new campus-wide alcohol educational program, PennAM.

Investment Board

Investment Board Chair Howard Marks summarized the activity of the Investment Board meeting. The University’s financials were down less than 1% through August. However, by the end of the first quarter, ending in September, they were down 7.4%. Mr. Marks added that this is considerably better than most institutions. Mr. Marks then stated that the Investment Board is currently acting under the assumption
that the economy will not improve in the near future. Mr. Marks assured the Trustees as to the University’s relative positioning.

**Penn Alumni Report**

Penn Alumni President Lee Spelman Doty presented her first Penn Alumni report. She highlighted one outreach program under the leadership of Hoopes Wampler and Elise Betz. Penn Alumni has been reaching out to the alumni base and offering career counseling, career services, one-on-one sessions, and other career help to those who may be affected by the economic downturn. This program was put into place very quickly and hit a responsive chord with alumni. Ms. Doty congratulated Hoopes Wampler and Elise Betz for their efforts.

Ms. Doty stated that the following day, the committee would elect the new slate of Alumni Trustees: David Ertel from Florida, Sarah Fuller from Massachusetts, and Michael Kowalski from New York. They will start a five-year term beginning January 1, 2009. Ms. Doty also thanked William Egan and Katherine Sachs for their service and congratulated them on their election as Term Trustees. Ms. Doty announced that three additional positions will open the following year and asked that the Trustees submit recommendations and nominations.

Ms. Doty also reminded the Committee about the 74th annual Alumni Award of Merit Gala and Homecoming activities.

**Appointments to Penn Medicine, Overseer and Other Boards**

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

- Resolution to Appoint Richard D. Feintuch as Vice Chair of the Board of Overseers of the Annenberg Center for the Performing Arts
- Resolution to Appoint William W. M. Cheung as Chair of the Board of Overseers of the School of Dental Medicine
- Resolution to Appoint Alex Haidas and Jeffrey M. Rosenbluth to the Board of Overseers of the School of Engineering and Applied Science
- Resolution to Re-Appoint Stephen A. Cozen, Robert C. Sheehan, and Robert I. Toll to the Board of Overseers of the Law School
- Resolution to Appoint Peter G. Gould and Luis Fernandez to the Board of Overseers of the Museum of Archaeology and Anthropology
- Resolution to Appoint Stephen D. Golding to the Board of Penn Praxis
- Resolution to Appoint Shiv V. Khemka to the Board of Overseers of the Wharton School

The meeting was adjourned at 12:33 p.m.

Respectfully submitted,

Leslie Laird Kruhly
Secretary of the University