A meeting of the Executive Committee of the Trustees of the University of Pennsylvania was convened on Thursday, September 23, 2010 at 1:57 p.m. in Bodek Lounge, Houston Hall.

Trustees present at the meeting were: David Cohen (Chair), L. John Clark, Amy Gutmann, Andrew Heyer, Michael Kowalski, Deborah Marrow, Egbert Perry, James Riepe and Lee Spelman Doty.

Administrators and guests present were: Robin Beck, Craig Carnaroli, Lori Doyle, Bonnie Gibson, John Heuer, Eric Kaplan, Leslie Laird Kruhly, Marguerite Miller, Joann Mitchell, Anne Papageorge, Susan Phillips, Vincent Price, Peter Rockett, Gregory Rost, Arthur Rubenstein, David Soo, Rebecca Steinberg, Wendy White and Marie Witt.

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 David Cohen welcomed everyone and called the meeting to order.

Chair’s Report

The minutes of the September 17, 2009 meeting were approved as distributed.

Mr. Cohen presented the following resolution, which was approved (full resolution text is appended):

- Resolution Authorizing Change in Address of the Corporation’s Registered Office (p. 1)

President's Report

President Amy Gutmann reported that the class of 2014, the most selective in Penn's history, had begun their academic careers well. She noted that all undergraduates eligible for financial aid are now able to graduate Penn debt-free due to Penn’s no-loan financial aid packages. The average freshman financial aid grant is nearly $36,000, a 70% increase in support since 2004. In 2010-2011, the Office of Admissions will focus on conveying Penn’s affordability to all prospective students and families.

Dr. Gutmann remarked that the continued success of Penn’s Making History Campaign has enabled the creation of more than 80 endowed faculty positions, including 21 Penn Integrates Knowledge (PIK) professorships. Dr. Gutmann reported that Penn had recently reached $2.83
billion or 81% of its $3.5 billion Campaign goal. Recent major gifts and pledges to the
Campaign include a commitment of $10 million from Richard and Lisa Perry, who have given to
a number of core Campaign priorities, and an estate gift of $1.19 million from Peter Wetherill to
support the School of Veterinary Medicine’s Widener surgical suite expansion project at the
New Bolton Center. Dr. Gutmann provided an update on Penn’s construction projects, including
the recently completed George A. Weiss Pavilion and Field; the construction of Golkin Hall; the
Translational Research Center and Penn Park; and upcoming plans for Shoemaker Green.

Dr. Gutmann reported that J. Larry Jameson will be succeeding Arthur Rubenstein as Executive
Vice President for the Health System and Dean of the School of Medicine in July 2011. She
thanked Provost Vincent Price for leading the search and the members of the consultative
committee for their time and effort. She added that Dr. Jameson had visited campus recently and
was already hard at work with Health System leadership to plan an orderly and successful
transition.

Academic Report

Provost Vincent Price provided an update on the 2010-11 theme year, “The Year of Water.” The
2010-2011 Penn reading project features Penn alumna Rose George’s "The Big Necessity,”
which approaches water in terms of sanitation and human waste, and served as an introduction to
activities focused on water and sustainability throughout the year. Dr. Price noted that theme
years were becoming an important part of campus life and successfully bring together
perspectives from all of the University’s schools, centers, community partners, and student
organizations. He added that the Office of the Provost would begin announcing theme years
earlier, in order to provide ample time to organize even more diverse courses and campus-wide
initiatives.

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

- Resolution on Faculty Appointments, Leaves and Promotions (p. 2)

Financial Report

Executive Vice President Craig Carnaroli summarized the University’s financial statement for
FY2010. The University’s total net asset position increased 8.8% over the past year due to
strong operations and growth in the endowment assets. Specifically, the contribution from
operating activities totaled $260 million, an increase over the prior year of approximately 30%.
Total operating revenue and total operating expenses increased 5.8% and 4.9% over the prior
fiscal year, respectively. The total endowment value as of June 30, 2010 was $5.7 billion, an
increase of 9.6% over the prior year. For the Academic Component, total operating revenue
grew 4.2%, largely due to a 15.6% growth in sponsored program income, including indirect cost
activity. Total operating expenses grew by 4.9% due to the increase in research activity and
benefits costs, including medical, retirement, pension, and long- and short-term disability.

Mr. Carnaroli then provided an update on the Health System’s FY2010 performance. Year over
year adjusted admissions grew by 2.7%, total operating revenue grew 6.6%, and total operating
expenses increased at a rate of 5.2%. He reported that the balance sheet of the Health System was strong, with total unrestricted liquidity totaling $1.2 billion as of June 30, 2010, an increase of $230 million.

**Penn Medicine Report**

Executive Vice President for the Health System and Dean of the School of Medicine Dr. Arthur Rubenstein reported that 105 faculty were promoted to associate or full professor. He then provided an overview of the incoming class of the School of Medicine. Of the 163 new medical students, 51% are women, 25% are underrepresented in medicine, and 17% will be pursuing joint degrees. At their traditional white coat ceremony in August 2010, alumna Rosemary Mazanet honored the late alumnus Henry Jordan by donating stethoscopes in his honor.

Dr. Rubenstein stated that Penn Medicine’s NIH funding continued to be strong, rising to second in the nation. He attributed this success to $163 million in grants secured from the American Recovery and Reinvestment Act in addition to its baseline increase of 3%. He noted that the Health System was strong, both operationally and financially. The Hospital was ranked in the top ten in *U.S. News and World Report*’s Best Hospitals. Dr. Rubenstein reiterated Dr. Gutmann’s confidence in his successor Larry Jameson, and assured that the transition would be seamless and successful.

**Audit & Compliance Committee Report**

Trustee James Riepe presented the Audit and Compliance Committee report on behalf of Audit and Compliance Committee Chair Jay Fishman. Mr. Riepe reported that the Committee heard presentations on the FY2010 audited financials for the Health System and the University. PricewaterhouseCoopers also provided the Committee with reports and the required communications on the University’s audits and independence standards and found no significant deficiencies or material weaknesses in internal controls.

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

- Resolution to Approve the Audited Financial Statements for Fiscal Year 2010

**Budget & Finance Committee Report**

Trustee John Clark presented the Budget & Finance Committee report on behalf of Budget & Finance Committee Chair Mark Winkelman. Mr. Clark stated that the Committee reviewed the consolidated audited FY2010 financial results for the University and the Health System. He then reported that the Committee heard presentations from Kristin Gilbertson, Chief Investment Officer, who provided details related to the successful performance of the University endowment; Eduardo Glandt, Dean of the School of Engineering and Applied Science, overviewed Penn Engineering; and Marie Witt, Vice President for Business Services, explained challenges associated with student textbook affordability and noted solutions for cost containment. Mr. Clark then presented a resolution on the DuPont Marshall Research Lab...
acquisition and explained that the building will provide a nearby center for auxiliary services and allow the University to consolidate and utilize the core of its campus in a more efficient manner.

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

- Resolution to Authorize the Acquisition of the Property Known as DuPont Marshall Research Lab (MRL) Located at 3401 Grays Ferry Avenue, Philadelphia-PA, in the Amount of $13,000,000 (p. 34)

Appointments to Other Boards

Mr. Cohen presented the following resolutions which were approved (full resolution text is appended):

- Resolution to Appoint David Abrams, Frieda Kolker Hallock, and Dhananjay M. Pai to the Board of Overseers of the School of Arts and Sciences (p. 35)
- Resolution to Re-Appoint Arthur M. Cohen, to Appoint Josephine M. Schlank to the Board of Overseers of the Institute of Contemporary Art, and to Appoint Andrea Laporte as Chair of the Board of Overseers of the Institute of Contemporary Art (p. 36)
- Resolution to Appoint Leslie A. Miller, Esq. to the Penn Medicine Board as Term Member (p. 37)
- Resolution to Appoint Bernard Selz to the Board of Overseers of the Museum of Archaeology and Anthropology (p. 38)
- Resolution to Appoint Adam Gordon Silfen to the Board of Overseers of the School of Veterinary Medicine (p. 39)
- Resolution to Appoint Vincent Price to the Board of Managers of The Wistar Institute (p. 40)

Adjournment

The meeting was adjourned at 2:14 p.m.

Respectfully submitted,

Leslie Laird Kruhly
Secretary of the University