University of Pennsylvania Board of Trustees  
Executive Committee  
September 15, 2011  

MINUTES

A meeting of the Executive Committee of the Trustees of the University of Pennsylvania was convened on Thursday, September 15, 2011 at 3:13 p.m. in Bodek Lounge, Houston Hall.

Trustees present at the meeting were: David Cohen (Chair), Amy Gutmann, Andrew Heyer, Deborah Marrow, Andrea Mitchell, James Riepe, David Silfen, Lee Spelman Doty, George Weiss and Mark Winkelman.

Administrators and guests present were: Craig Carnaroli, Kristin Davitt, Larry Jameson, Leslie Laird Kruhly, Leslie Mellet, Marguerite Miller, Joann Mitchell, Susan Phillips, Vincent Price, Peter Rockett, Gregory Rost 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.

Chair David Cohen welcomed everyone and called the meeting to order.

Chair’s Report and Appointments to Other Boards

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

- Resolution Establishing a University of Pennsylvania Dual Qualified Entity in Hong Kong (p. 1)
- Resolution to Amend the Bylaws of Penn Medicine to Include Emeriti Members (p. 2)

President’s Report

President Amy Gutmann provided an update on the Class of 2015, the most academically talented and diverse in Penn’s history. She then remarked on the grand opening of Penn Park later that day, the centerpiece of the Penn Connects campus development plan. The Park creates a sustainable and accessible connection between Center City and University City. She noted the Park’s irrigation system, which captures rainwater and diverts it to an underground cistern, where it is treated and made available for reuse.

Dr. Gutmann noted that the University had recently appointed its thirteenth Penn Integrates Knowledge Professor (PIK), globally-renowned bioethicist Ezekiel J. Emanuel. Dr. Emanuel will serve as the Diane v.S. Levy and Robert M. Levy University Professor and Vice Provost for Global Initiatives. His appointment will be shared between the Department of Medical Ethics
and Health Policy, which he will chair in Penn’s Perelman School of Medicine, and the Department of Health Care Management in the Wharton School, pending formal ratification by the School Faculties, the Provost’s Staff Conference, and the University Trustees. Before coming to Penn, Dr. Emanuel was the founding chair of the Department of Bioethics at The Clinical Center of the National Institutes of Health (NIH). He recently served as special advisor for health policy to the director of the White House Office of Management and Budget.

Dr. Gutmann reported on two recent additions to Penn’s senior leadership. J. Larry Jameson, the new Executive Vice President for the Health System and Dean of the Perelman School of Medicine, officially began his duties at Penn on July 1, 2011. An eminent physician, scientist, and educator, Dr. Jameson served as vice president for medical affairs and the Lewis Landsberg Dean of the Feinberg School of Medicine at Northwestern University. His earlier positions at Northwestern included chair of the Department of Medicine and chief of the Division of Endocrinology, Metabolism and Molecular Medicine. Dr. Gutmann noted that the Institute for Translational Medicine and Therapeutics at the Perelman School of Medicine recently received a $55 million renewal from NIH in recognition of its success during the first five years of the Clinical and Translational Science Award (CTSA) program. The Institute’s application ranked first among academic medical centers that first received the CTSA in 2006. On August 29, 2011, Steven MacCarthy joined Penn as Vice President for University Communications. Previously, he was Vice President for External Affairs at the University of Arizona. At Penn, he is responsible for overall communication of Penn’s goals and achievements to internal and external audiences.

Dr. Gutmann reported that the Making History Campaign had reached $3.48 billion, 99% of its goal $3.5 billion goal. The historic $225 million gift made by Raymond and Ruth Perelman set an all-time high record of $627 million in commitments for a single fiscal year. University-wide annual giving of $61 million (including $30 million from the Penn Fund) also broke records. The final 16 months of the Campaign will focus on meeting remaining core priority goals and strengthening the scope of participation among alumni. Dr. Gutmann concluded by thanking Vice Chair George Weiss for his remarkable work chairing the Campaign.

Academic Report

Provost Vincent Price provided an update on Penn’s global engagement efforts. As Vice Provost for Global Initiatives, newly-appointed PIK Professor Ezekiel Emanuel will play a key role in advancing the University’s strategy of global engagement and helping Penn direct its diverse international endeavors. Dr. Price noted the upcoming campus-wide rollout of the Global Engagement Fund, a flexible and sustainable way to support high-priority global projects at Penn. The Fund provides Schools and faculty members with opportunities to jumpstart promising international projects. In its pilot year, the Fund supported 25 projects from 11 schools, including a faculty-led student trip to study climate change in Mongolia and a partnership with the Chinese Academy of Sciences to study brain mapping.

The following resolution was presented and approved:

- Resolution on Faculty Appointments, Leaves and Promotions (p. 4)
Financial Report

Executive Vice President Craig Carnaroli reported that FY2011 had been a very successful year for Penn. The University’s net asset position grew by approximately 20% ($1.6 billion), which increased total assets to $9.8 billion as of June 30, 2011. Over the course of FY2011, Penn reinvested approximately $400 million in the campus and had a strong year philanthropically, with contributions totaling approximately $477 million on a GAAP basis. He noted that the Health System had a very successful year, producing a very strong operating margin and had experienced increased admissions over the previous year, unlike other area hospitals.

Penn Medicine Report

Executive Vice President for the Health System and Dean of the Perelman School of Medicine Larry Jameson thanked everyone for facilitating his transition to Penn. He noted that, since Penn Medicine is embedded within one of the top-ten universities in the world and because the Health System is linked to the Perelman School of Medicine, it is particularly well-positioned to adapt to changes in the external environment. He cited the example of the Translational Research Center, which connects clinical activity with research. The Center has helped Professor of Pathology and Laboratory Medicine Carl June and his team engineer lymphocytes that cause the immune system to attack cancer cells, which could possibly be extended to other diseases.

Dr. Jameson reported on the Perelman School of Medicine’s remarkable incoming class. At their traditional white coat ceremony in August 2011, students introduced themselves and shared their experiences prior to Penn. Dr. Jameson noted that one student had recently returned from two tours in Afghanistan and another had performed biomedical research in the Amazon.

Dr. Jameson provided an update on the Health System, which is strong financially and operationally despite the downturn in the economy. He noted that, while healthcare and scientific environments could change in the future, Penn Medicine was well-positioned to respond to these changes. He expressed his optimism for Penn Medicine’s future and thanked his predecessor Arthur Rubenstein for his hard work.

Audit & Compliance Committee Report

In the absence of Audit and Compliance Committee Chair Jay Fishman, Committee Member Andrew Heyer delivered the report. Mr. Heyer stated that the Committee heard presentations on the FY2011 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. An unqualified, clean opinion was rendered for both the consolidated University and the Health System audits, with no adjusted differences or proposed adjustments arising from that audit.

The following resolution was presented and approved:
Budget & Finance Committee Report

Budget and Finance Committee Chair Mark Winkelman stated that in addition to the financial reports summarized by Mr. Carnaroli, the Committee received reports on University cost containment efforts, the Division of Business Services, and electricity purchasing. The University reached its cost containment goal of saving approximately $100 million over the 30 months preceding June 30, 2011. Additionally, the University will continue to apply cost-saving processes and practices in other areas going forward. Vice President for the Division of Business Services Marie Witt described the Division’s 19 departments and ongoing efforts to improve the Division’s operating margin and efficiency of the delivery of services to various areas of the University. Vice President for Facilities and Real Estate Services Anne Papageorge provided an update on the new purchasing approach that the University adopted due to regulatory changes in the delivery of electricity in Pennsylvania. Mr. Winkelman noted that, while it was still too early to determine fully, the new Load Serving Entity that Penn established seemed to be effective so far. Another update will be provided in one year.

The following resolutions were presented and approved:

- Resolution to Authorize Design and Construction of Campus Backfill for Translational Research Center Transition in the Amount of $10,100,000 (p. 42)

- Resolution to Authorize Biomedical Research Building 2 - Stemmler Hall Vivaria Renovations for Non-Human Primates in the Amount of $8,900,000 (p. 43)

- Resolution to Authorize Revised Scope and Budget for Ryan Animal Hospital Air Handling Unit 3 & 4 Replacement for an Additional $1,200,000 (Total Revised Budget of $5,200,000) (p. 44)

Adjournment

The meeting was adjourned at 3:25 p.m.

Respectfully submitted,

Leslie Laird Kruhly
Vice President and Secretary of the University