A Stated Meeting of the Trustees of the University of Pennsylvania was convened at 11:32 a.m. on October 26, 2012 in Woodlands ABCD.


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 called the meeting to order and outlined notable events of the past two days, including the benefit sponsored by the Penn Museum Women's Committee and dinner with Penn Integrates Knowledge (PIK) professors. He encouraged all to attend Homecoming Weekend events, including the Alumni Award of Merit Gala at the Annenberg Center honoring Emeritus Trustees Paul Kelly and James Kim.

**Chair’s Report**
Following the convocation by Reverend Charles Howard, Mr. Cohen asked for a motion to approve the minutes of the June 15, 2012 Full Board and September 20, 2012 Executive Committee meetings.
The motion was approved. Mr. Cohen then offered a Resolution of Appreciation for Pamela Daley, noting her generous loyalty and service on behalf of Penn, including the establishment of the Pamela Daley and Randy Phelps Endowed Fund for Business Law. The resolution was approved.

Mr. Cohen presented a memorial resolution for Trustee Myles Tanenbaum, conveying sorrow at the passing of a colleague and friend. Mr. Cohen praised Mr. Tanenbaum’s work on the Facilities and Campus Planning and Development committees and the Investment Board. He also noted Mr. Tanenbaum’s service on the Athletics Overseer Board, the Law Board of Overseers, and his leadership on several Health System boards in the 1990s. The resolution was approved.

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

- Resolution of Appreciation for Pamela Daley
- Memorial Resolution for Myles H. Tanenbaum

President's Report
Dr. Gutmann began her report by acknowledging Penn’s newest Presidential Term Professors, Drs. Chyke Doubeni and Enrique Mendoza, noting Professor Doubeni’s expertise in cancer research and his passion for equitable access to health care and Professor Mendoza’s scholarship in macroeconomics and finance.

Outlining Penn’s efforts to increase access to a Penn education by supporting students in underserved communities, she noted the Knowledge is Power Program (KIPP). A $2.5 million gift from Penn parents Martha and Bruce Karsh helped to establish the first partnership between KIPP and an Ivy League school, and Penn plans to enroll a robust group of talented KIPP students each year beginning in September 2013.

Dr. Gutmann noted the recent dedication of Shoemaker Green to honor Trustee Al Shoemaker’s many contributions on behalf of Penn. She thanked the Smilow family, led by Joel and William Smilow, for their recent gift, the largest capital gift of the campaign thus far, in naming the Smilow Translational Research Center, creating the William Smilow Professorship in Cardiovascular Medicine and the William Smilow Award for Innovation in Clinical Excellence. Dr. Gutmann added that Penn’s translational research is vital to the nation's health and reflects Penn’s global preeminence in the biomedical sciences.

Academic Report
Provost Vincent Price began his report with a discussion of the new Penn Global website, the central portal on global activities to students, faculty, administrators, and alumni.

The Provost also announced that Daniel Polsky has been appointed Executive Director of the Leonard Davis Institute of Health Economics. Professor Polsky, who holds faculty appointments in Medicine at the Perelman School and in Health Care Management at Wharton, is a globally
recognized expert in health economics. He replaces David Asch, who has been appointed Executive Director of the new Penn Medicine Center for Innovation.

Provost Price then offered a resolution on faculty appointments, leaves and promotions, which was approved.

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

- Resolution on Faculty Appointments, Leaves and Promotions page 3

Financial Report
Executive Vice President Craig Carnaroli began his report with a discussion of the financial performance of the consolidated University. In the first quarter, total net assets increased by 2.8%, to approximately $10 billion, due to both positive investment and operating performance. Operating revenue increased by 2.4%, driven by a 3% increase in tuition revenue, offset partially by a 7.6% increase in student financial aid. Mr. Carnaroli stated that strong gains in philanthropy also contributed to the revenue increase driven by the receipt of two major gifts to the Perelman School of Medicine. Revenue gains were also partially offset by lower sponsored program revenue due to the loss of ARRA funding and slower research overall. Operating expenses increased 4.6% driven by higher compensation expense, primarily due to an increase of 10% in employee benefit expenses and a 2% increase in salary expense.

Regarding the Health System, Mr. Carnaroli reported that despite a decrease in inpatient admissions consistent with the overall market, the Health System posted a positive operating margin of $35 million. Cost control efforts helped to stabilize the operating margin, despite the lower adjusted admissions. Overall total net assets for the Health System increased by 3.7% driven by investment performance.

Mr. Carnaroli noted a new Human Resources initiative to moderate growth in benefit costs. The wellness campaign, Be in the Know, encourages faculty and staff to receive biometric screenings with a financial incentive for participation.

Penn Medicine Report
Dr. Larry Jameson, Executive Vice President of the University for the Health System and Dean of the Perelman School of Medicine, noted the recent celebration of the new Basser Center which will focus on the genetic predisposition to breast and other cancers for families that carry the BRCA 1 or 2 gene.

Dr. Jameson noted that the National Academy of Sciences had elected six of its 70 new members from Penn, including four in the School of Medicine: Carl June, Mitchell Schnall, Shelley Berger and Kevin Volpp. Additionally, two Robert Wood Johnson Young Leader Award winners were named from Penn, Scott Halpern and Raina Merchant.
Dr. Jameson then discussed the Health System’s partnership with Novartis, a new research effort seeking to identify an immune treatment approach to chronic lymphocytic leukemia. Turning to facilities improvements, Dr. Jameson noted the groundbreaking at Penn Presbyterian for a new outpatient facility.

Concluding his report, Dr. Jameson highlighted clinical activities at the Health System and spoke of a recent multi-car accident in which the Penn Star Helicopter was dispatched with a Penn surgeon to provide urgent lifesaving care at the scene and return with the patient to the hospital.

**Academic Policy Committee Report**

Chair Scott Bok noted that Professor Ezekiel Emanuel, Diane v.S. Levy and Robert M. Levy University Professor and Vice Provost for Global, had outlined three goals for Penn’s global programs: prepare students for an increasingly globalized society, strengthen Penn as a global agenda setter, and promote healthy and productive lives worldwide.

Together with a new Global Support Services office and Penn Global website to provide support, key priorities include the creation of a campus World House, global leadership development and skill-building, and increasing study opportunities and alumni engagement abroad, especially connecting global alumni to faculty and students working in their countries. Planning will also focus on how best to build data on Penn’s global initiatives and the use of Penn's partnership with Coursera.

Mr. Bok noted that the committee also discussed how Penn can best deploy the expertise of its faculty to tackle challenges faced by researchers and policy-makers worldwide, as well as successfully partnering with foundations.

**Audit and Compliance Committee Report**

Trustee Perry Golkin delivered the Audit and Compliance Committee report on behalf of Chair Jay Fishman. He noted that Trustee Lee Doty, chair of the Penn Medicine Audit and Compliance Committee, had made a presentation to the committee, and Mary Lee Brown, Associate Vice President for Audit, Compliance and Privacy, spoke regarding immediate actions and longer-term plans in response to the recent hacking incident recently reported to the Trustees. Mr. Golkin also reported that the committee was provided briefings and had discussions on two topics. Steve Fluharty, Senior Vice Provost for Research, described Penn's response to the new public health services regulations that established more robust standards for responsibility regarding possible financial conflicts of interest that could compromise research. Steve Golding, Vice President of Finance and Treasurer, briefed the committee on an opportunity to improve financial reporting. In conclusion, Mr. Golkin reported that John Horn, Comptroller, and Keith Kasper, Senior Vice President and Chief Financial Officer, discussed the management letters received from PricewaterhouseCoopers, and discussed actions on those as well as the updates from one year ago.
Budget and Finance Committee Report

Chair Andrew Heyer summarized presentations by Bonnie Gibson, Vice President, Budget & Management Analysis, Steve Golding, and Keith Kasper on University and Health System financial results as of September 30. Mr. Heyer reported that operating and cash results remain strong, and though Health System activities were below budget, October activity had shown improvement.

Steve Golding and Anne Papageorge, Vice President, Facilities and Real Estate Services, discussed the $300 million in Century Bonds issued by Penn in March. The primary uses for the funds will be lighting and HVAC replacement projects to result in energy savings, and the use of those savings as project fund investments, with internal debt service to fund the interest costs. Mr. Golding also discussed a change to the Activities Statement to be consistent with FASB recommendations, which involves moving certain temporarily restricted revenues from the operating to the non-operating sections of statements.

Denis Kinane, Dean of the Dental School, provided the Budget and Finance Committee with an update. The School of Dental Medicine now has 621 students, and has moved from the ranking of fourteenth in NIH-NIDCR research in 2009 to seventh in 2012.

Mr. Heyer then presented three resolutions for review and approval, which were approved.

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

- Resolution to Authorize up to $127 Million for the Development and Construction of the Advanced Care Hospital Pavilion Including Cupp Building Renovations for Penn Presbyterian Medical Center page 35

- Resolution to Authorize Perelman School of Medicine Campus Plan Documentation and Implementation for an Additional $7,440,000 (Total Revised Budget of $17,525,000) page 37

- Resolution to Authorize Neural Behavioral Science Building Design through Construction Documents for an Additional $2,830,000 (Total Revised Budget of $5,700,000) page 38

Development Committee Report

Development Committee Chair George Weiss reported that with 68 days remaining, the University has “re-entered a quiet phase” of the Making History campaign, and that fundraising continues prior to a final results announcement in February.

Mr. Weiss summarized a discussion led by President Gutmann on how the final months of the campaign will set the stage for post-campaign activity and sustaining momentum in both philanthropy and engagement. John Zeller, Vice President for Development and Alumni Relations, provided updated campaign status reports and plans for the campaign conclusion celebration and outlined the University's guidelines for recording gifts and commitments for the committee's consideration and endorsement.
Mr. Weiss reported that his committee discussed which elements of campaign messaging to retain in engaging new donors. Hoopes Wampler, Assistant Vice President for Alumni Relations provided an update on the campaign's nonfinancial objectives and current engagement activity. John Zeller presented the post-campaign plan for volunteer engagement, including the proposed University Development and Alumni Relations Leadership Council.

Mr. Weiss reported that the committee discussed its primary objectives in sustaining the integration and collaboration of Development and Alumni Relations’ goals across Penn. He reminded the Board to mark their calendars for February 28, 2013 when final campaign results will be announced and noted that this is his last meeting as Development Committee chair.

Facilities and Campus Planning Committee
Mr. David Brush, on behalf of Chair Egbert Perry, summarized two presentations to the committee. Anne Papageorge, Vice President for Facilities and Real Estate Services, David Hollenberg, University Architect, and Ken Ogawa, Executive Director of Operations, gave an overview of University sustainability initiatives. Mr. Brush noted that since 2009, Penn has achieved significant environmental performance improvements through a variety of initiatives including operations, physical environment, transportation, waste minimization and recycling.

Anne Papageorge and Ed Datz, Executive Director of Real Estate, provided an overview of FY12 real estate performance, including development of Penn's South Bank property, and summarized the University’s real estate holdings, their performance and contribution in support of the University’s mission and to the quality of life at Penn and West Philadelphia.

Local, National and Global Engagement Committee Report
Chair Marc McMorris indicated that the committee had participated in a panel discussion led by Jeff Cooper, Vice President for Government and Community Affairs, focusing on challenges at the state and federal levels relating to past and future budget cuts. Of particular concern, Mr. McMorris stated, is the possible impact on research funding for Penn if Congress and the White House cannot finalize a budget bill before the country hits the "fiscal cliff" in January 2013.

Next, Mr. McMorris discussed a presentation of the accomplishments of the Netter Center, which recently celebrated its 20th anniversary. The Netter Center plays a vital role in Penn's local engagement, creating many opportunities for civic outreach for Penn students.

Mr. McMorris outlined a presentation by Ezekiel Emanuel on Penn's strategic plan for global initiatives, noting that the University has more than 20,000 alumni living overseas and more than 1,200 students going abroad and conducting research each year, which present opportunities to leverage Penn’s position in the global marketplace.
Student Life Committee Report
Chair Julie Platt reported that the committee had received an overview of Penn’s sexual violence policy, criminal background check protocols, and a pilot initiative on alcohol and drug policy from Joann Mitchell, Vice President for Institutional Affairs, Sean Burke, Associate General Counselor, and Julie Lyzinski Nettleton, Director, Office of Alcohol and Other Drug Program Initiatives. Ms. Platt noted that Penn has been a leader among universities in instituting many of these policies and practices.

Ms. Platt indicated that the committee had discussed the opportunities and challenges in providing wellness and academic support for international graduate students. Dr. Myrna Cohen, Executive Director of the Weingarten Learning Resources Center, Chia-Ying Pan, Director of the Office of Learning Resources, and Dr. Meeta Kumar, Associate Director and Psychologist in Counseling and Psychological Services, addressed student perceptions, cultural factors and other dynamics that might be barriers to international students flourishing in learning and campus life at Penn, and how VPUL, the schools, and other University departments collaborate to assist these students.

Penn Alumni Report
Penn Alumni President Lee Doty announced that the Penn Alumni Board and Council of Representatives will vote on the slate for three alumni Trustee positions for five year terms to begin January 2013: Allan Bell, Susanna Lachs, and Mark Werner. Ms. Doty also asked the Board to consider possible candidates for three openings for terms beginning January 2014. Nominations are due by January 11, 2013.

Ms. Doty spoke about the transition of the secondary school committee into the new Penn Alumni Interview Program. The program's main goal is to provide interviews for all undergraduate applicants by 2015. Currently only about half of all applicants are interviewed. The effort will include virtual interviews using Skype and telephone where necessary. Ultimately, as many as 10,000 alumni may be recruited and trained to interview applicants.

Ms. Doty invited Board members to participate in Homecoming events: the Alumni Award of Merit, Quaker Fest, and the Alumni Film Festival.

Nominating Committee Report
Mr. Cohen asked the Board to consider the election of four Trustees to Term Trustee positions: Judith Bollinger, David Brush, Joel Greenblatt, and Julie Seaman; re-election of Perry Golkin for a second term as a Term Trustee, and election of Deborah Marrow as a Charter Trustee. He called for a single motion to approve the measures as a group and the resolutions were approved.

Mr. Cohen then introduced the Resolutions on Appointments to Overseer and other Boards. He asked for a single motion to approve the resolutions as a group. The resolutions were approved.
The following resolutions were presented and approved (full resolution text is appended):

- Resolution to Elect Judith Bollinger as Term Trustee   page 39
- Resolution to Elect David Brush as Term Trustee   page 40
- Resolution to Elect Joel Greenblatt as Term Trustee   page 41
- Resolution to Elect Julie Breier Seaman as Term Trustee  page 42
- Resolution to Re-elect Perry Golkin as Term Trustee   page 43
- Resolution to Elect Deborah Marrow as Charter Trustee   page 44
- Resolution to Appoint Madeline Monaco to the Board of Overseers of the School of Dental Medicine page 45
- Resolution to Appoint William Witte to the Board of Overseers of PennDesign page 46
- Resolution to Appoint Wallace Boston, Lois Kohn-Claar and David N. Roberts to the Board of Overseers of the Graduate School of Education  page 47
- Resolution to Appoint Patrick J. Brett and Molly Rouse-Terlevich to the Penn Institute for Urban Research Advisory Board page 48
- Resolution to Appoint Jodi Schwartz to the Board of Overseers of Penn Law  page 49
- Resolution to Reappoint Members of the Penn Medicine Board as Term Members  page 50
- Resolution to Appoint Arthur M. Pappas and Joseph A. Goldblum to the Board of Trustees of The Wistar Institute  page 51

There being no further business to conduct, the meeting was adjourned at 12:06 p.m.

Respectfully submitted,

Leslie Laird Kruhly
Vice President and Secretary of the University