A Stated Meeting of the Trustees of the University of Pennsylvania was convened at 11:29 a.m. on June 14, 2013 in Bodek Lounge, Houston Hall.

Trustees present:

Administrators and other guests present:

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 L. Cohen called the meeting to order. Following the invocation by Chaplain Charles Howard, he called for a motion to approve the minutes of the meeting on March 1, 2013 and the meeting of the Executive Committee on May 9, 2013. The minutes were approved as distributed.

Chair’s Report

The Chair thanked the trustees for their productive participation in the week’s meetings and the excellent lunch and dinner programs. He added that it has been an extraordinary academic year, particularly as it included the conclusion of the Making History campaign and Vice President Joseph R. Biden, Jr. as commencement speaker.

Mr. Cohen presented a resolution to amend the bylaws of Penn Medicine to include the Chester County Hospital and Health System in the governance structure of Penn Medicine. The University has entered into an affiliation agreement, currently going through regulatory approvals, with Chester County Hospital and Health System. The bylaw amendments will enable the transaction to be completed once approvals are received.

The following resolution was presented and approved (full resolution text is appended):
• Resolution to Amend the Bylaws of Penn Medicine to Include The Chester County Hospital and Health System and Affiliates as Penn Medicine Constituents in the Penn Medicine Governance

Mr. Cohen then noted that the Trustees had previously authorized deregistration of Penn’s Abu Dhabi branch office. Subsequently, the University had attempted to structure a revised relationship with Penn’s partner there without success, making a new resolution appropriate at this time.

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

• Resolution to Authorize the Deregistration of The Trustees of The University of Pennsylvania Abu Dhabi Branch Office

Mr. Cohen called attention to the commemorative pins each Trustee had received in honor of Lee Spelman Doty’s term as Penn Alumni President and thanked Ms. Doty for her service. He commended her leadership and dedication and her tremendous success in promoting alumni engagement, and added that incoming president Julie Beren Platt would be a great successor in this role.

Ms. Doty thanked the Trustees for their wholehearted support, adding that she had greatly enjoyed her term, especially getting to know Penn’s passionate, dedicated and generous alumni.

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

• Resolution of Appreciation for Lee Spelman Doty

Vice Chair's Report

Vice Chair David M. Silfen presented a resolution that David L. Cohen be reelected as Chair of the Board of Trustees for a one-year term, July 1, 2013 through June 30, 2014.

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

• Resolution to Reelect David L. Cohen as Chair of the Board of Trustees

Nominating Committee

Mr. Cohen presented resolutions for the reelection of David Silfen as Vice Chair of the Board of Trustees, and election of the Executive Committee and the Investment Board.

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

• Resolution to Reelect David M. Silfen as Vice Chair of the Board of Trustees
• Resolution to Elect the Executive Committee
• Resolution to Elect the Investment Board

Mr. Cohen then presented a Resolution of Appreciation and Designation as Emerita Trustee for Susan Catherwood. He noted her service over four decades, including as the first female Museum Overseer Board
chair, the first chair of the reorganized medical center and health system from 1991-1999, and as a member of the Wharton Undergraduate Executive Board and the Joint Committee of Trustees of the Annenberg School.

Mrs. Catherwood thanked everyone, adding that she was honored to be a member of the Trustees and the Penn community. She noted that during her service through four presidents and five Trustee chairs, she had seen the University grow into a world-renowned institution, and offered her congratulations to all who have done so much for Penn.

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

- Resolution of Appreciation for Susan Catherwood and Designation as Emerita Trustee

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

- Resolution to Elect Kenneth D. Moelis as Term Trustee
- Resolution to Elect Andrew R. Heyer as Charter Trustee
- Resolution to Reelect Daniel S. Och as Term Trustee

President’s Report

President Amy Gutmann announced that as Penn ends one of the most momentous years in its history, including exceeding the $3.5 billion campaign goal by over $800 million, the momentum in pursuing its highest priorities has never been greater.

She congratulated Penn Alumni President Lee Doty and Alumni Relations for record-breaking attendance at Alumni Weekend 2013. President Gutmann noted that she had recently traveled to Hong Kong and Tokyo as part of the Time to Shine world tour. Future events will be held in cities across the United States and in London. President Gutmann also commended Dean Eric Furda and Undergraduate Admissions for a very successful admissions season.

President Gutmann then highlighted faculty developments, including the appointment of Rakesh Vohra as the 15th Penn Integrates Knowledge (PIK) University Professor. Dr. Rakesh’s work in mechanism design has brought insights in economics, engineering and computer sciences to bear in fields such as operations and market systems. He will be the George A. Weiss and Lydia Bravo Weiss University Professor with appointments in SAS and in Engineering. In addition, Daniel Mindiola will be Penn’s fourth Presidential Term Professor, as Professor of Chemistry in Arts and Sciences. Dr. Mindiola is a recipient of the Presidential Early Career Award for Scientists and Engineers.

In presenting a Resolution of Appreciation, President Gutmann noted that Dean Rebecca Bushnell’s leadership had shaped both the contemporary school and assured its vibrant future. Through her efforts, SAS exceeded its unprecedented $500 million campaign goal. President Gutmann added that Dean Bushnell has been an essential partner for integrating knowledge across the University and that 12 of the 15 PIK professors hold one of their joint appointments in SAS. An award-winning Penn scholar and teacher for over 30 years, Dean Bushnell has been a champion of faculty and a leader in interdisciplinary programs that further the cause of liberal arts and sciences here and globally. Dean Bushnell will be returning to full-time teaching and scholarship.
Dean Bushnell thanked all in attendance, saying that it had been an adventure and honor to serve as Dean. She noted that she had been quite lucky in her collaborations in SAS and throughout Penn, adding that President Gutmann was steadfast in her support of the vision for SAS and it had been her good fortune to have Vince Price as Provost during her tenure as dean. She particularly thanked Mr. Silfen for his support as Chair of the SAS Board of Overseers and expressed her confidence in Steve Fluharty as incoming dean of the school.

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

- Resolution of Appreciation for Rebecca Bushnell

President Gutmann then introduced the resolution to appoint Steven J. Fluharty as Dean of the School of Arts and Sciences. Dr. Fluharty earned his B.A., M.A. and Ph.D. at Penn, then joined the faculty in 1986, teaching at the School of Veterinary Medicine, Perelman School of Medicine, and SAS. Among his many administrative roles, as Senior Vice-Provost for Research from 2010, Dr. Fluharty guided innovative collaboration across Penn, directed vital strategic partnerships with industry and represented Penn to local, regional and national constituencies, including frequent testimony on Capitol Hill.

Dr. Fluharty thanked everyone for their confidence and support and indicated that he was honored and privileged to serve Penn in this role. He promised to work tirelessly to advance the core missions of SAS and Penn and in continuing the trajectory set by Dean Bushnell’s remarkable achievements.

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

- Resolution to Appoint Steven J. Fluharty as Dean of the School of Arts and Sciences

Academic Report

Provost Vincent Price began his remarks by noting the work of over 60 Penn students outside the United States this summer on research projects ranging from medicine to the arts, in countries such as Argentina, Botswana, Brazil, China and Gambia. He added that the Provost’s Interdisciplinary Arts Fund engages students in collaborative projects across the city and the world, in initiatives as varied as service in Jamaica to projects at West Philadelphia’s Lea Elementary School, working with students to design playground murals.

Provost Price also reported that Professor Anita Allen, a distinguished scholar of privacy law and contemporary ethics at the Law School, will serve as Penn’s new Vice Provost for Faculty.

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

- Resolution on Faculty Appointments, Leaves and Promotions

Financial Report

Executive Vice President Craig Carnaroli reported that for the consolidated university, third quarter net assets were $10.7 billion, a $599 million increase over March 31, 2012, and $636 million above budget. The increase was driven largely by strong investment and operating performance. He noted that net assets are projected to grow to $10.9 billion by the fiscal year-end. Third-quarter consolidated net operating income
was $173 million, $27 million higher than a year ago and $109 million above budget. Operating income is expected to increase to $184 million by fiscal year-end.

For the academic component, net operating income totaled $77 million, $61 million above one year ago and $94 million above budget. Strong operating contributions, better than budgeted growth in sponsored programs, and other income contributed to a $76 million or 4% positive revenue variance against budget. Expenditures were $18 million dollars below budget with an $11 million positive variance in current expense, principally due to lower grant spending. Net operating income is projected to be $89 million at the end of June. Total contributions, pledges and new gifts, both operating and non-operating, totaled $332 million, an increase of $73 million, or 28% over the prior comparable period, reflecting the successful completion of the Making History campaign.

For the Health System, adjusted admissions of approximately 30,970 for the third quarter were 5.1% below last year. In-patient admissions were 7% below budget, while outpatient activity in high-intensity services was mixed. Year-to-date operating income or the operating margin for the health system totaled $124 million, $34 million below the prior year, and $11 million below budget. Operating income is predicted to increase to $158 million at the end of June. Looking ahead to FY14, Mr. Carnaroli noted anticipated continued pressure on operations due to the impact of sequestration on sponsored research activity. He added that the University will continue to seek opportunities for new revenue growth and cost containment. In closing, he noted increased capital spending was anticipated due to the success of the campaign and the last year’s successful Century Bond placement.

Penn Medicine Report

Executive Vice President of the Health System and Dean of the Perelman School of Medicine Dr. Larry Jameson, on behalf of Penn Medicine, expressed gratitude for the support of the senior leadership team and the Trustees. He noted that the Class of 2017 reverses a recent trend with more men than women. He added that there is also remarkable diversity in the class, which includes two Fulbright scholars. Dr. Jameson added that Dr. John Dani would soon be arriving to Chair the Department of Neuroscience. Dr. Dani’s work utilizes new technologies in an effort to unravel the mechanisms of addiction. Like Dr. Dani, Penn Medicine physicians continue to be recognized as top doctors in Philadelphia and beyond.

As an example of the skills at work at Penn Medicine, Dr. Jameson recounted the story of a survivor of a recent building collapse in Philadelphia who was rescued many hours after the event. She has been treated at HUP by a team of 50 and is now preparing for discharge to rehabilitation.

Among new projects underway, Dr. Jameson noted that the Washington Square Outpatient Building at Pennsylvania Hospital would soon open. In addition, work on a new outpatient building and Acute Care Pavilion is underway at Presbyterian Hospital, as is a south pavilion extension at the Perelman Center for Advanced Medicine.

Admissions Report

Dean of Admissions Eric Furda reported that the Class of 2017 represented the strongest applicant pool in Penn’s history, and the most selective with 12.2% admitted and the highest yield since 2007, with 64% of the admitted students accepting admission. Students from Philadelphia County have their highest enrollment in recent history and 48 states are represented as well. 42% of the enrolled students who are U.S. citizens or permanent residents self-report as members of a minority group, and 13% are international students. Penn children and grandchildren make up 15% of the class.
In addition, 12% of the Class of 2017 are first-generation college students. Dean Furda noted that a student from Buffalo, NY City Honors School will enroll from Trustee George Weiss’s “Say Yes to Education” program, and that 69 Questbridge students will enroll in the Class of 2017 as well. He added that 13 students will enroll through Penn’s new partnership with the “Knowledge is Power” program (KIPP).

**Academic Policy**

Chair Scott L. Bok indicated that Vice Provost for Education Andy Binns led a discussion of the self-study of undergraduate education conducted as the first phase of Penn’s reaccreditation by the Middle States Commission on Higher Education. A draft of the self-study report will be shared with the campus community this fall, and the final report submitted to Middle States in January 2014. Next spring, a team of senior leaders of other academic institutions will visit to conduct a review, evaluate Penn’s compliance with national standards and, offer recommendations.

Robert Ghrist, the Andrea Mitchell University Professor, provided an overview of the Working Group on Integrating Knowledge, which he chairs. The group has created a specific definition of “integrating knowledge” to illustrate its distinctiveness in undergraduate education at Penn and has made recommendations to advance and assess the integration of knowledge at the University.

Committee discussion centered on the value of the self-study as a tool to enhance undergraduate education and program development, and well as consideration of how best to encourage collaboration among the schools and evaluate integrative programs.

The Committee approved a resolution to establish a Masters in Law in the Penn Law School designed for academics and professionals not intending to practice law, but where greater knowledge of law and the legal system would complement primary fields of work and study.

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

- Resolution to Establish a Masters in Law in the Law School

**Audit & Compliance**

Reporting for Chair Jay Fishman, Trustee Perry Golkin noted that the committee had received reports from Lee Doty, Chair of the Penn Medicine Audit & Compliance Committee and from Associate Vice President Mary Lee Brown on the status of FY13 activities in Audit, Compliance and Privacy, as well as a briefing on the outcomes of the annual risk assessment and proposed work plans for FY14, which the committee approved as proposed.

In addition, Comptroller John Horn briefed the committee on the preparation of the FY13 financial statements, highlighting changes in format and footnotes. Mr. Horn and Health System Senior Vice President and CFO Keith Kasper described progress in addressing the comments and observations in the PricewaterhouseCoopers letters issued to University and Health System Management for FY12 audits as well as updates on matters from prior year letters.

**Budget & Finance**
Chair Andrew R. Heyer reported that Vice President for the Office of Budget and Management Analysis Bonnie Gibson reported on the operating budget for the academic component. Total FY14 expenditures are projected at $3.07 billion, a 1.5% increase over FY13. On a GAAP basis, a $20 million decrease in net assets from operations is expected due primarily to a decline in sponsored programs and sequestration reduces federal budgets. The Penn Compact guides resource allocation decisions and the FY14 budget funds a 4.9% increase in student aid, faculty recruitment and retention, as well as campus infrastructure improvements.

Mr. Kasper reported on the operating and capital budgets for the Health System. The Health System projects a $140 million or 4.0% surplus from operating activities for FY14. The capital budget authorization totals $272 million.

Vice President of Finance and Treasurer Steve Golding reported on the FY14 Academic and Consolidated statement budgets. Operating income is projected at $52 million and net assets are expected to grow $433 million. Cash is projected to decrease primarily due to planned capital investment, but remain above targeted levels.

Vice President for Facilities and Real Estate Services Anne Papageorge and Mr. Golding presented on the capital plan for the Academic Component, which includes projects with costs totaling $385 million over the next four years. In addition, there is $138 million in spending projected over the next three years for projects already approved. Gift/grants will fund approximately 30% of planned spending.

Mr. Golding also presented on the replacement of current student administrative systems. Penn’s current core systems were installed 20-30 years ago and a phased approach is planned. The $13.8 million first phase will replace the student account and billing function and is being brought forward for approval at this meeting.

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

- Resolution to Authorize the Spending Rule for Endowments page 46
- Resolution to Authorize the Fiscal Year 2014 Operating Budget for the University of Pennsylvania page 47
- Resolution to Authorize the Fiscal Year 2014 Capital Plan for the University of Pennsylvania page 48
- Resolution to Authorize the Fiscal Year 2014 Operating Budget for the University of Pennsylvania Health System page 49
- Resolution to Authorize the Fiscal Year 2014 Capital Budget for the University of Pennsylvania Health System page 50
- Resolution to Declare the University’s Intent to Reimburse Capital Costs with Proceeds of Borrowings page 51
- Resolution to Declare the University of Pennsylvania Health System’s Intent to Reimburse Capital Costs with Proceeds of Borrowings page 54
- Resolution to Authorize Next Generation Student System Release 1 in the Amount of $13,769,000 page 57
- Resolution to Authorize Richards C&D Tower Renovations for the Center for Cognitive Neuroscience in the Amount of $13,927,000 page 58
- Resolution to Authorize Mod 7 Chilled Water Plant Expansion Construction Documents Phase and Equipment Pre-Purchase in the Amount of $18,700,000 page 59
• Resolution to Authorize Construction of the Neural Behavioral Science Building for an Additional $62,900,000 (Total Revised Budget of $68,600,000) page 60
• Resolution on the Extension of Certain Existing University of Pennsylvania Health System Indebtedness in the Amount of a $100,000,000 Revolving Line of Credit and the Issuance of a Master Note to Secure Indebtedness page 61

Development

Mrs. Doty indicated that the University Development and Alumni Relations Leadership Council had held its first meeting. The group will promote integration of goals and collaboration across Penn and sustaining high level of philanthropic and engagement activity. The Council will meet each year with the Development Committee.

Development and Alumni Relations Vice President John Zeller summarized campaign and ongoing philanthropy and engagement, noting the groundswell of gifts between $25,000 and $250,000, and the breadth of individual giving to multiple schools, centers and priorities. President Gutmann spoke about finalizing the strategic priorities for the Penn Compact 2020. The committee also received overviews of some innovative initiatives integral to the campaign: Penn Integrates Knowledge, Penn Spectrum and the Wharton Public Policy Initiative.

Facilities & Campus Planning

Chair Egbert Perry summarized presentations from the meeting, which included an update on the new College House on Hill Field. This $125 million project is set to open in 2016 and will provide a home for 350 undergraduates, faculty and fellows, a house dean and staff.

Dr. Larry Jameson spoke about the programmatic goals of the proposed Jordan Medical Education Center to be built above the five-story South Pavilion Expansion now under construction. The Center, with education facilities and clinical offices, will further reinforce translational medicine opportunities for students, faculty, researchers and clinicians. The $63.5 million project will be completed in 2015.

The committee received updates on construction projects reaching completion this summer, including the Singh Center, renovations to the ARCH, Gregory and Hill College Houses, Meyerson Hall studio/classroom space, and various athletic field, streetscape and landscape projects. Mr. Perry commended Anne Papageorge and her team for ably managing an extensive number of projects.

Local, National and Global Engagement

Chair Marc F. McMorris reported that the committee had discussed Penn’s collaborative involvement with the Philadelphia Science Festival and educational outreach in the STEM fields to hundreds of area children. The committee also heard an annual report on WXPN. Penn’s radio station has evolved into a cultural institution engaging the community with numerous events and creative partnerships. The station’s transition to a new funding model has produced better than expected results, and Mr. McMorris reported that the station is on solid financial footing.

The committee was also briefed on Penn’s Economic Inclusion Program, which plays a critical role enhancing the quality of life for the community around Penn. He noted that the program has been very successful engaging minority and women-owned businesses in the University’s economic activity, and has opened the door for campus employment opportunities for local residents, with resultant greater staff
diversity. The percentage of University staff living in West and Southwest Philadelphia has also grown, which is attributable in great part to this program.

Student Life

Trustee Claire Lomax reported that the committee had received an overview of Athletics and Recreation, noting that about 8,500 students participate in intercollegiate, intramural and club athletics at Penn. In addition, a growing variety of health and wellness programs, such as nutrition and stress management, help all Penn students reach their full potential.

The committee also heard about Penn’s ongoing progress in sustainability and greening, which resonates deeply with its environmentally-conscious students. Notable accomplishments include undergraduate research grants, a “Sustainability Course Inventory” of over 100 classes and the “flat lining” of carbon emissions – an impressive feat given Penn’s recent growth by more than 14 acres and 100,000 square feet of building space.

The Office of Alcohol and Other Drug Program Initiatives briefed the committee on an innovative new six-month pilot program to encourage on-campus party registration and student accountability, which has already made a positive impact.

Alumni Trustees Report

Penn Alumni President Lee Spelman Doty reported that Executive Director of Alumni Relations Elise Betz had led a discussion of collaborative efforts with the Office of the Vice Provost for University Life to build on “Penn Traditions” programming to support active and lifelong engagement beginning as early as freshman year. She also noted that Connie K. Duckworth WG’79, James C. Johnson, C’74, L’77 and Ramanan Raghavendran, ENG’89, W’89, LPS’13 would stand for election as alumni trustees for five-year terms beginning January 1, 2014.

Ms. Doty indicated that incoming Penn Alumni President Julie Beren Platt will be the first West Coast alumni to hold that position. She added that May’s successful Alumni Weekend had attendance of about 10,000, and noted upcoming events: the second Penn Spectrum Weekend (September 20-22), Homecoming (November 8-9) and the Alumni Award of Merit Gala (November 9) with honoree Emeritus Trustee John Clark.

Appointments to Penn Medicine, Overseer and Other Boards

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

- Resolution to Re-Appoint David M. Brashear as Chair of the Board of Overseers of the Annenberg Center for the Performing Arts and to Appoint Leslie C. Cohen to the Board of Overseers of the Annenberg Center for the Performing Arts
- Resolution to Appoint Laurence A. Goldberg to the Board of Overseers of the School of Design
- Resolution to Re-Appoint David J. Berkman, Paul S. Greenberg, David M. Magerman, and Hital R. Meswani to the Board of Overseers of the School of Engineering and Applied Science
- Resolution to Re-Appoint Allison Weiss Brady to the Board of Overseers of the Graduate School of Education
• Resolution to Re-Appoint Andrea B. Laporte as Chair of the Board of Overseers of the Institute of Contemporary Art and to Appoint Lisa A. Tananbaum to the Board of Overseers of the Institute of Contemporary Art  page 67
• Resolution to Appoint Robert JT Rosenfeld to the Penn Institute for Urban Research External Advisory Board  page 68
• Resolution to Appoint Perry Golkia as Chair of the Board of Overseers of the School of Law and to Re-appoint Marci Engel to the Board of Overseers of the School of Law  page 69
• Resolution to Appoint Peter V. Shoemaker to the Board of Overseers of the University Libraries  page 70
• Resolution to Appoint Moses Feldman as Co-Vice Chair of the Board of Managers of the Morris Arboretum of the University of Pennsylvania and to Appoint Rebecca W. Bushnell to the Board of Managers of the Morris Arboretum of the University of Pennsylvania and to Re-appoint Susan Peck to the Board of Managers of the Morris Arboretum of the University of Pennsylvania  page 71
• Resolution to Appoint William L. Conrad and William L. Potter to the Board of Overseers of the University of Pennsylvania Museum of Archaeology and Anthropology  page 72
• Resolution to Appoint William S. Smilow and Susan C. Taylor, M.D. to the Penn Medicine Board  page 73
• Resolution to Reappoint Members of the Penn Medicine Board as Term Members  page 74
• Resolution to Appoint James H. Greene, Jr., Charles B. Leitner and George A. Weiss to the Penn Medicine Board and the Penn Medicine Executive Committee  page 75
• Resolution to Appoint or Reappoint Members of the Penn Medicine Executive Committee  page 77
• Resolution to Appoint Richard W. Vague as Chair of the Board of Trustees of the University of Pennsylvania Press  page 78
• Resolution to Appoint Ilona S. English and Michael F. Gerber to the Board of Overseers of the School of Veterinary Medicine  page 79
• Resolution to Appoint Bonnie M. Bandeen, James G. Dinan, Sebastian Escarrer, Peter Huntsman, William H. Lawrence, Marc J. Rowan, and Paul W. Soldatos to the Board of Overseers of the Wharton School of the University of Pennsylvania  page 80
• Resolution to Appoint M. Claire Lomax to the WXPN Policy Board  page 81

The meeting was adjourned at 12:32 pm.

Respectfully submitted,

Leslie Laird Kruhly
Vice President and University Secretary