

**University of Pennsylvania Board of Trustees
Meeting of the Executive Committee**

Thursday, May 15, 2014

MINUTES

A Meeting of the Executive Committee of the Trustees of the University of Pennsylvania was convened at 1:31 p.m. in the Class of 1949 Auditorium, Houston Hall.

Trustees present: David L. Cohen, Lee Spelman Doty, Jay S. Fishman, Amy Gutmann, Andrew R. Heyer, Robert M. Levy, Andrea Mitchell, Julie Beren Platt, Andrew S. Rachleff, David M. Silfen, and Mark O. Winkelman.

Administrators and other guests present: Craig Carnaroli, Bonnie Gibson, Jack Heuer, Leslie Laird Kruhly, Stephen MacCarthy, Joann Mitchell, Anne Papageorge, Vincent Price, Gregory S. Rost, Wendy White, J. Larry Jameson, Mary Lee Brown, Antoine Jones, Alison McGhie, Leslie Mellet, Marguerite Miller, Susan Phillips, and Lynne Sniffen.

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's Report

Chair David L. Cohen welcomed all attendees and called the meeting to order. In looking ahead to Alumni Weekend and Penn's 258th Commencement, Mr. Cohen noted that it would be particularly interesting to have Penn alumnus John Legend serve as speaker and most meaningful to recognize two of Penn's own, by bestowing honorary degrees on Trustee George Weiss and Penn Medicine Trustee Raymond Perelman.

Chair Cohen then called upon President Gutmann to deliver the President's report.

President's Report

President Gutmann announced that at the end of March, the University had enjoyed a successful site visit from the Middle States evaluation team led by Georgetown University President John DeGioia. The team indicated that their visit was inspiring and that they were impressed with the clear understanding and application of Penn's integration of knowledge as well as Penn's commitment to undergraduate education. President Gutmann joined Provost Price in thanking all faculty, students, and staff involved, particularly Vice Provost for Education Andy Binns and Executive Director for Education and Academic Planning Rob Nelson and their teams, as well as Vice President of Institutional Affairs Joann Mitchell. She added that the University had every reason to expect a positive final report.

President Gutmann noted that she and the Provost were pleased to have successfully concluded the three remaining Dean's searches, and to name an interim Dean of the Law School to replace Mike Fitts, who will be assuming the presidency at Tulane University. Wendell Pritchett, formerly a Penn Law professor and Associate Dean, is returning to Penn as a Presidential Professor and will serve as interim dean of the Law School for one year as the search for Dean Fitts' successor is conducted.

Professor Pritchett is currently Chancellor of Rutgers University-Camden. President Gutmann then indicated that the three incoming deans would be:

Geoffrey Garrett will succeed Tom Robertson as Dean of Wharton. A former Wharton faculty member, Dr. Garrett is Dean of the Australian School of Business and founder of the United States Study Center in Australia. An Australian, Dr. Garrett nonetheless has significant experience in the United States, having been affiliated with Yale University, UCLA, and Duke University.

Penn's own Andrea Mitchell University Professor John Jackson, Jr. will follow Rich Gelles as Dean of the School of Social Policy & Practice. Dr. Jackson is a cultural anthropologist, a prize-winning author, and documentary film maker. He also serves as Senior Advisor for Diversity in the Office of the Provost.

Pam Grossman will be the next Dean of the Graduate School of Education, succeeding Andy Porter. Dr. Grossman is founder and Faculty Director of the Stanford University Center to Support Excellence in Teaching and is an expert in the fields of education and teacher training.

President Gutmann noted that among the latest Penn Compact 2020 Presidential Initiatives is the President's Distinguished Professorship Fund, devised to create up to 50 new endowed professorships in every school of the University, including new Penn Integrates Knowledge professorships.

In closing her report, President Gutmann announced that Heather Andrea Williams will be Penn's sixth Presidential Professor, effective July 1. She noted that Dr. Williams is a distinguished historian and scholar of Africana studies and Law, whose work addresses important and long-neglected issues in American history. President Gutmann then called on Provost Vincent Price for the Academic Report.

Academic Report

Provost Price announced that on July 1, Dr. N. Grace Calhoun will become Penn's new Director of Recreation and Intercollegiate Athletics. Dr. Calhoun has an MBA and a Ph.D. in higher education administration, having previously served as a Director of Athletics and Assistant Vice President at Loyola University Chicago. She also brings Ivy League experience, both as a Brown student athlete and an athletics administrator at Dartmouth. Dr. Calhoun also has had administrative experience with the NCAA and the Patriot League.

The Provost then noted that the University has surpassed two million enrollments in its online open-learning partnership with Coursera, with over 30 courses offered and the expectation that all 12 of Penn's schools will soon have offerings. He added that Penn continues to make great strides in adapting its world-class programs to a global online audience and noted, for example, the recent partnering with several high schools to provide access to an offered class in calculus.

The following resolution was presented and approved:

- Resolutions on Faculty Appointments, Leaves and Promotions.....Appendix

Financial Report

Executive Vice President Craig Carnaroli indicated that for the consolidated University, for the first nine months of the fiscal year, total net assets were \$12.5 billion, an increase of \$1.8 billion over March 31 2013, and \$1.2 billion above budget, largely driven by strong investment performance and pension valuations. Change in net assets from operating activities reflected a decrease for the academic component largely fueled by a difficult winter resulting in higher utility costs and overtime expenses related to snow removal. Mr. Carnaroli noted that the Health System has experienced a very strong year, with year-to-date net operating income totaling \$225 million, \$125 million above budget and \$101 million above prior year-to-date results, and robust patient activities reflecting clinical areas of strength in cancer and cardiovascular treatment.

Penn Medicine Report

Executive Vice President for the Health System and Dean of the Perelman School of Medicine Dr. J. Larry Jameson began his report with an example of the successful use of gene therapy by the team of researchers and clinicians led by Dr. Carl June. He distributed a photograph of nine-year-old patient Emily Whitehead who is now celebrating two years of survivorship after having failed all other treatments, including bone marrow transplants. Dr. Jameson noted that *Philadelphia Magazine* had included 175 Penn-affiliated clinicians in its recent listings of outstanding clinicians in the Philadelphia area. He added that this year's School of Medicine graduation speaker would be Dr. Betsy Nabel, President and CEO of Brigham and Women's Hospital and former Director of the National Heart, Lung, and Blood Institute at the NIH.

Budget & Finance Committee Report

Chair Andrew Heyer indicated that the Committee had received reports on the University and Health Systems financial results as of March 31, 2014, as summarized in the Financial Report (above). He added that Vice Provost for Research Dawn Bonnell had made a presentation on research at the University, describing a challenging landscape for federal research funding which has declined from a high of almost \$180 billion (including stimulus funds) in 2009 to approximately \$140 billion in 2014. However, he indicated that Penn continues to build its commercial research enterprise, outlining notable successes including a \$55 million royalty monetization in 2103 for Penn's work with Aegerion Pharmaceuticals, and \$37 million in revenues over the past three years through partnership with Novartis.

Chair Heyer reported that Joan Hendricks, Dean of the School of Veterinary Medicine, had presented a school overview. Penn Vet is ranked first among veterinary schools in NIH grants and is highly selective with a strong applicant pool, admitting only 9% of its 2013 applicants. Though the school has been challenged by declining Commonwealth revenue over the last five years, it has successfully worked to fill this gap through cost containment measures and strategic fundraising.

The Committee also reviewed and approved two resolutions.

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

- Resolution to Authorize a New Lease for the Vice Provost for University Life, Counseling and Psychological Services; Total Lease Obligation \$7,969,000 Inclusive of \$3,688,000 of Capital.....page 1

- Resolution to Authorize Design and Construction of the Hutchinson Gymnasium Infill Building Renovation for an Additional \$3,737,000 (Total Revised Budget of \$26,449,000).....page 2

All resolutions were approved. There being no further business to conduct, the meeting was adjourned at 1:46 p.m.

Respectfully submitted,

Leslie Laird Kruhly
Vice President and University Secretary