

**University of Pennsylvania Board of Trustees
Stated Meeting**

Meeting of October 31, 2014

MINUTES

A Stated Meeting of the Trustees of the University of Pennsylvania was convened on Friday, October 31, 2014 at 11:35 a.m. in Woodlands Ballroom, Inn at Penn.

Trustees present: Arlin M. Adams, Marlene Arnold, Allan C. Bell, Robert S. Blank, Mitchell Blutt, Richard P. Brown, David Brush, Gilbert F. Casellas, William W.M. Cheung, L. John Clark, David L. Cohen, Susan F. Danilow, Lee Spelman Doty, Connie K. Duckworth, David Ertel, Jay S. Fishman, Robert A. Fox, Sarah W. Fuller, Perry Golkin, Joel M. Greenblatt, James H. Greene, Vahan H. Gureghian, Amy Gutmann, Janet F. Haas, Andrew R. Heyer, Stephen J. Heyman, Osagie O. Imasogie, A. Eugene Kohn, Michael J. Kowalski, Susanna Lachs, Laurie Landeau, Andrea Berry Laporte, William P. Lauder, Charles B. Leitner, Robert P. Levy, Warren Lieberfarb, M. Claire Lomax, William L. Mack, Edward J. Mathias, Andrea Mitchell, Daniel S. Och, Simon D. Palley, Richard C. Perry, Egbert L.J. Perry, Julie Beren Platt, Andrew S. Rachleff, Ann Nolan Reese, James S. Riepe, Adele K. Schaeffer, Julie Seaman, Sara Senior, Alvin V. Shoemaker, John P. Shoemaker, Martin J. Silverstein, Carol Elizabeth Ware, Mark B. Werner, and Mark O. Winkelman.

Administrators and other guests present: Neysa Adams, Elise Betz, Kathleen Boesze-Battaglia, Mary Lee Brown, Glenn Bryan, Craig Carnaroli, Evan Cernea, Jeffrey Cooper, Erica Dowell, Bonnie Gibson, Stephen Golding, Josh Green, Jack Heuer, Charles Howard, J. Larry Jameson, James C. Johnson, Grace Kao, Christine Klein, Linda Kronfeld, Leslie Laird Kruhly, Amy Leach, Stephen MacCarthy, Leslie Mellet, Marcie Merz, Adam Michaels, Trina Middleton, Marguerite Miller, Joann Mitchell, Kenneth D. Moelis, Medha Narvekar, Andy Porter, Vincent Price, Ramanan Raghavendran, Peter Rockett, Maureen Rush, Justine Sefcik, Lynne Sniffen, Antonia Villarruel, Hoopes Wampler, Wendy White, Marie Witt, and John H. 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 L. Cohen called the meeting to order. University Chaplain Reverend Charles Howard provided the invocation. The minutes of the June 20, 2014 and September 18, 2014 meetings of the Trustees were approved as distributed.

Chair's Report

The Chair noted the productive meetings of the last two days, including the opportunity to meet new deans Antonia Villarruel; Geoff Garrett; John Jackson, Jr.; interim dean Wendell Pritchett, and new Athletics Director Grace Calhoun. He invited everyone to participate in the afternoon event at the South Bank, Celebrating Innovation at Penn, the Alumni Award of Merit Gala in the evening with honorees to include former Trustee Chair Jim Riepe, and Homecoming events.

Nominating Committee Report

The chair read from a Resolution of Appreciation for Trustee Marie Savard, who after 10 years ends her term of service on the Board. He noted that Ms. Savard is a graduate of both Penn Nursing and Medicine, and that her tenure on the board was marked by her engaged, enthusiastic leadership and her commitment to the University. The Chair added that Ms. Savard was unable to attend these Trustee meetings as she was awaiting the birth of a grandchild.

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

Action 1	Resolution of Appreciation for Marie A. Savard	page 1
Action 2	Resolution to Elect James H. Greene, Jr. as Term Trustee	page 2
Action 3	Resolution to Elect Andrea Berry Laporte as Term Trustee.....	page 3
Action 4	Resolution to Elect Simon D. Palley as Term Trustee	page 4
Action 5	Resolution to Elect Jay S. Fishman as Charter Trustee	page 5
Action 6	Resolution to Elect Robert M. Levy as Charter Trustee.....	page 6

President's Report

The President announced that the University would gather later that day at the South Bank to celebrate innovation at Penn with a ceremonial groundbreaking for the new Pennovation Center, faculty presentations, demonstrations, and the David and Lyn Silfen University Forum. The Forum features Walter Isaacson, biographer of Benjamin Franklin and Steve Jobs, and author of "*The Innovators: How a Group of Hackers, Geniuses, and Geeks Created the Digital Revolution.*"

Noting that Penn has recently welcomed four new deans and an Athletics Director, the President added that the excellent work of the search committees for new deans for the Law School and Engineering is on schedule. She noted that the schools' very high regard under the superb leadership of deans Mike Fitts and Eduardo Glandt has in turn led to very strong candidates.

The President announced that Danielle Bassett, the Skirkanich Assistant Professor of Innovation in Engineering, had been awarded a MacArthur Fellowship. Dr. Bassett is the second Penn faculty member named a MacArthur Fellow in the last two years and the youngest recipient this year.

President Gutmann then read from a Resolution of Appreciation for Dean Andy Porter. She noted that he had come to Penn with the goal of making GSE one of the nation's most intellectually exciting education schools, and had succeeded. GSE has risen from 13th to fifth in national rankings, and is one of only two U.S. education schools with a national research center and pre-doctoral and post-doctoral programs funded by the Institute of Education Sciences of the U.S. Department of Education. She added that Dean Porter and Overseers Chair Joel Greenblatt had succeeded in the school exceeding its \$52 million *Making History* campaign goal ahead of schedule. The President noted that through Dean Porter's leadership, GSE was poised to continue as an essential partner with the Lea, Wilson, and Penn Alexander schools in West Philadelphia and with its many collaborative projects advancing educational innovation and entrepreneurship.

Dean Porter thanked President Gutmann for the opportunity to join Penn's leadership team and for her support and partnership in GSE's accomplishments.

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

Action 1	Resolution of Appreciation for Andrew C. Porter	page 7
Action 2	Resolution to Appoint Pam Grossman as Dean of the Graduate School of Education.....	page 8

Academic Report

The Provost provided updates on the search for a new Vice Provost for Education. Provost Price noted that Professor Andy Binns, now completing nine years in that role, has been an extraordinary leader for undergraduate and graduate education, advancing central initiatives such as the Middle States reaccreditation and new efforts to restructure in-class learning. A consultative committee of faculty and students will advise the Provost on naming a successor.

Provost Price announced Penn will celebrate the formal launch of the Penn Center for Innovation (PCI) on November 17, and that he, President Gutmann, and Vice Provost for Research Dawn Bonnell would be joined by Philadelphia Mayor Michael Nutter for the event.

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

Action 1	Resolution on Faculty Appointments, Leaves and Promotions.....	Appendix
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Financial Report

Executive Vice President Craig Carnaroli indicated that for the three month period ending September 30, 2014, Consolidated University total net assets were approximately \$12.9 billion, \$1.1 billion over September 30, 2013, and \$371 million above budget, driven largely by strong investment and operating performance, particularly in the fourth quarter. Net operating income for the three-month period was \$39 million, an \$11 million increase over September 30, 2013, and \$19 million above budgeted net income. Cash and invested cash totaled \$4 billion, compared to a budget of \$3.9 billion. For the Academic Component, net operating income for the University decreased \$25 million, \$16 million over prior year, and \$6 million above budget. Revenue was \$12 million above budget, and expenditures were \$6 million above budget. Total contributions, including pledges and new gifts, both operating and non-operating, were \$50 million, a decrease of \$10 million from the prior year’s first quarter.

Health System year-to-date net operating income was \$81 million, above budget and prior year by \$20 and \$2 million, respectively. Operating revenue increased by \$122 million, from \$925 million to \$1 billion, which includes the addition of the Chester County Hospital and Health System. Total patient activity was consistent with budget, a 17.3% increase over prior year, though that includes Chester County. In-patient admissions were slightly below budget, but out-patient activity, particularly high-intensity services, which represents a significant component of overall revenue grew.

Penn Medicine Report

Executive Vice President of Penn Medicine and Dean of the Perelman School of Medicine Larry Jameson spoke about the pressures of NIH funding issues on all academic medical centers. He reported that in testimony of the high quality of the school’s faculty, grant funding had held steady and even increased slightly. He noted that the Health System is doing quite well financially, allowing for advancements such as the Jordan Medical Education Center and new laboratory space

that will support, among other projects, Dr. Carl June’s work on immunotherapy for cancer. Dr. Jameson added that the Centers for Disease Control had identified Penn Medicine as a regional referral center for Ebola, and that preparations in this regard were quite impressive, with a large number of staff volunteering in the effort.

Academic Policy – Dr. Janet Haas

On behalf of Chair Scott Bok, committee member Janet Haas reported that the committee approved two resolutions and discussed two topics. Vice Provost for Education Andy Binns summarized the work of the new Council of Professional Master’s Degree Deans and outlined the proposed professional regulatory science and regulatory affairs master’s degrees designed for those who wish to pursue advanced training in their field. Dr. Haas indicated that President Gutmann joined the committee for a discussion on the changing landscape of Title IX regulations and policies on sexual violence, which has garnered much attention this year on campuses across the country. Senior Vice President and General Counsel Wendy White led the discussion, providing background on federal guidelines and explaining Penn’s new process to investigate and resolve cases with reference to sexual violence.

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

- Action 1 Resolution to Establish a Master of Regulatory Affairs in the Perelman School of Medicine..... page 9
- Action 2 Resolution to Establish a Master of Regulatory Science in the Perelman School of Medicine..... page 10

Audit & Compliance

Chair Jay Fishman indicated that the committee had received reports from Trustee Jamie Greene on the Penn Medicine Audit and Compliance Committee and Associate Vice President for Audit, Compliance, and Privacy Mary Lee Brown on the work of her office. The committee also received briefings from Executive Director for Risk Management Ben Evans on the insurance and risk management program, recent changes in carriers and coverages, cyber liability coverage for the University and Health System, international travel risk management, and other initiatives. Ms. Brown spoke on the development of Penn’s privacy programs from 2002 to today and the expected regulations for the next three to five years. Vice President of Finance and Treasurer Steve Golding and Comptroller Marianne Piccolo described proposed tax reforms from the U.S. House Ways and Means Committee which would significantly impact tax-exempt colleges and universities.

Budget & Finance

Chair Andy Heyer indicated that the committee had received reports on University and Health Systems financial results as of September 30, 2014. In addition, Chief Investment Officer Peter Ammon provided an endowment overview, including the role of the spending rule in income stability and future purchasing power. Mr. Ammon reviewed continued portfolio diversification and increased allocations to alternative investment classes as opportunities arise, and endowment returns, noting that Penn has successfully maintained and grown purchasing power.

Dean Eduardo Glandt presented an overview of the School of Engineering and Applied Science and its annual budget of \$170 million. Dean Glandt reported that undergraduate applications to the school have shown strong growth in recent years. The committee also received a report on the

Century Bond Program whose proceeds will primarily fund campus lighting and HVAC projects. A portion of proceeds were also invested in the endowment. Investment returns and energy efficiency savings, together with internal loan payments, fund debt service costs.

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

- Action 1 Resolution to Authorize Hill College House Renovation Full Design in the Amount of \$6,000,000..... page 11
- Action 2 Resolution to Authorize and Approve the Transactions Related to the Development of an Ambulatory Care Building in Cherry Hill, New Jersey including the Use of \$25,000,000 of Fiscal Year 2016 Capital Funds; Total Lease Obligation (Net Present Value) \$64,567,747 page 12

Development

Chair Lee Doty noted that with discussion of Penn Compact 2020 initiatives of inclusion, innovation, and impact, the committee is working to outline new fundraising targets and articulate the University’s ambitious development goals for the next five years, with an emphasis on the critical role of volunteers in achieving philanthropic and engagement objectives. Core priorities of student aid, faculty support, and alumni and community engagement build on the momentum of the very successful *Making History* campaign and align with the top priorities defined by the schools and centers. Ms. Doty thanked the Trustees for the continued support and leadership.

Facilities & Campus Planning

Chair Egbert Perry indicated that SAS Dean Steve Fluharty had provided an overview of the Ronald Perelman Center for Political Science and Economics, which will bring together engaged global social sciences research and teaching. Bruce Kuwabara of KPMB Architects described the program components of the 111,000 square-foot center, which will house the Political Science and Economics departments, classrooms, and related academic research centers. The Center will combine the renovated West Philadelphia Title and Trust Company building at 36th and Walnut Streets with a modern addition to the north. Construction is to begin in December, 2015, with the Center opening in January, 2018.

Provost Vince Price outlined for the committee the goals for the Penn Wharton China Center in Beijing. The committee viewed renderings for the 25,000 square-foot center, which will support executive training, conferences and seminars, and services for admissions, career management, and alumni affairs. PWCC is scheduled to open in March, 2015. Executive Vice President Craig Carnaroli and University Architect David Hollenberg also spoke about Penn’s Climate Action Plan 2.0 for environmental sustainability, outlining the significant progress made and new goals across six initiatives: academics, utilities and operation, physical environment, transportation, waste minimization and recycling, and community engagement.

Local, National and Global Engagement

On behalf of Chair Marc McMorris, Trustee William Cheung indicated that the committee had received an update from Penn Museum Director Julian Siggers on recent educational programming initiatives with the Philadelphia School District. Including classroom outreach and a Museum visit, the ancient civilization curriculum for 10,000 city seventh graders is enriched with hands-on

workshops led by Penn faculty and students, teacher professional development training, free one-year family Museum memberships, and a student project showcase. Other special partnerships have been fostered, such as “touch tours” for blind and visually-impaired visitors and a national consultant panel on Native American exhibitions and programming. The committee also participated in discussion with faculty and administrators on an array of political challenges for the region’s nonprofit and higher education communities.

Student Life

Chair Claire Lomax indicated that Provost Price provided an update on the year-long work of the Task Force on Student Psychological Health and Welfare, its process and student engagement, and the immediate implementation of recommendations as they were brought forward. Ms. Lomax noted that the meeting had also focused on local, national, and global student engagement. A panel of presenters from the Netter Center, Civic House, Athletics, and Fox Leadership outlined programs demonstrating Penn’s commitment to service as an essential part of the student experience. Four students also told their stories about learning while serving. She noted that during a lively discussion, Dr. Gutmann asked the students how Penn can further support this engagement and pledged to speak with deans and Penn’s Development Department to find ways to grow these efforts.

Penn Alumni Report

Penn Alumni President Julie Platt indicated that votes would be held the following day for three alumni trustee positions for five-year terms to begin January 1, 2015: Bonnie Bandeen, C’80, WG’85, of London, England; Alberto Chamorro, W’78, of Managua, Nicaragua, and Ofer Nemirovsky, SEAS’79, W’79, of Boston, Massachusetts. She added that nominations for two January 2016 Alumni Trustee openings would close on January 9, 2015. Meeting discussion focused on the 120 active regional Alumni Clubs worldwide, their activities, school and center partnerships, and Alumni Relations support. She encouraged all Trustees to become more engaged with the club in their region.

Ms. Platt spoke about the first Coursera online course exclusively for Penn alumni, “History of the Slave South,” taught by Professor Stephanie McCurry. 708 alumni registered for the course, ranging from the classes of 1947 to 2014. Alumni Trustee Jim Johnson served as one of the community teaching assistants. She noted there would be future course offerings for Penn Alumni. Ms. Platt urged everyone to attend the evening’s Alumni Award of Merit Gala and weekend Homecoming activities and thanked the Trustees for their support.

Appointments to Penn Medicine, Overseer and Other Boards

As the final order of business, the following resolutions were presented and approved (full resolution text is appended):

- Action 1 Resolution to Appoint Joseph B. Glossberg, George M. Graffy, Steven G. Kobre, and Randall C. Ringer to the Board of Overseers of the Annenberg Center for the Performing Arts page 14
- Action 2 Resolution to Appoint Kevin S. Penn as Chair of the Board of Overseers of the School of Design page 15
- Action 3 Resolution to Appoint Michael D. Ward to the Board of Overseers of the School of Engineering and Applied Science page 16

Action 4	Resolution to Appoint Deborah L. Ancona, Paula W. Argosh, and John Katzman to the Board of Overseers of the Graduate School of Education	page 17
Action 5	Resolution to Appoint Jean Renfield-Miller to the Board of Overseers of the School of Nursing	page 18
Action 6	Resolution to Appoint Karen Christensen and Monica Vachher to the Board of Trustees of the University of Pennsylvania Press	page 19
Action 7	Resolution to Appoint Felicia M. Levy to the Board of Overseers of the School of Veterinary Medicine	page 20
Action 8	Resolution to Appoint John P. Shoemaker to the WXPN Policy Board	page 21

The Chair invited everyone to join the afternoon’s activities at the South Bank, in the evening for the Alumni Award of Merit Gala, and for Homecoming Weekend. The meeting was adjourned at 12:15 pm.

Respectfully submitted,



Leslie Laird Kruhly
Vice President and University Secretary