University of Pennsylvania Board of Trustees  
Meeting of the Executive Committee  
Thursday, May 14, 2015  

MINUTES

A meeting of the Executive Committee of the Trustees of the University of Pennsylvania was convened at 1:20 p.m. in the Conference Center, Perelman Center for Advanced Medicine.

Trustees present: David L. Cohen; Lee Spelman Doty; Jay S. Fishman; Janet F. Haas; Andrew R. Heyer; Osagie O. Imasogie; Robert M. Levy; Andrea Mitchell; Andrew S. Rachleff; David M. Silfen; and Mark O. Winkelman.

Administrators and other guests present: Mary Lee Brown; Craig Carnaroli; Bonnie Gibson; Jack Heuer; J. Larry Jameson; Leslie Laird Kruhly; Matthew Lane; Stephen MacCarthy; Leslie Mellet; Marguerite Miller; Vincent Price; Peter Rockett; Gregory S. Rost; 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’s Report
Chair David Cohen welcomed all in attendance and called the meeting to order. He noted the great excitement on campus due to the weekend’s upcoming events of Alumni Weekend, Ivy Day, Baccalaureate, and Penn’s 259th Commencement on Monday, May 18.

President’s Report
President Gutmann noted that a highlight of the 2014-15 academic year had been the announcement of the inaugural President’s Engagement Prize winners (Jodi Feinberg, Shadrack Frimpong, Katlyn Grasso, Adrian Lievano and Matthew Lisle), whose vision, creativity, and pioneering spirit had resulted in projects that employ the Penn ethos of turning knowledge into action. She added that she looked forward to seeing the result of their projects.

President Gutmann indicated that she and Provost Price were delighted to announce Donita Brady as Penn’s seventh Presidential Professor. Professor Brady will join Penn’s Department of Cancer Biology with an already impressive track record of innovative research. President Gutmann also acknowledged faculty receiving prestigious honors, including Guggenheim Fellows Professor of History Kathleen Brown and Professor of History Sally Gordon, also the Arlin M. Adams Professor of Constitutional Law. In addition, Professor of Biology Dorothy Cheney and Professor of Chemistry Abraham Nitzan, who will join Penn in July, were elected to the National Academy of Sciences.

President Gutmann also noted that Adam Cohen had been named a 2015 Truman Scholar. To date, this year, Penn has 23 confirmed new Fulbright Scholars, making the University one of the top Fulbright producers in the nation.
Academic Report
Provost Vince Price reported that in April, Daniel W. Dietrich, II had presented the Institute for Contemporary Art (ICA) with a transformative $10 million gift, the largest in the ICA’s history and one that will nearly double its endowment. He noted that last month the Law and Wharton schools jointly announced the endowment of the Francis J. & William Polk Carey JD/MBA Program, made possible by a $10 million gift from the W.P. Carey Foundation. This gift will allow a highly regarded dual degree program to become even stronger as it trains future global leaders.

The following resolution was presented and approved:

- Resolution on Faculty Appointments, Leaves and Promotions

Financial Report
Executive Vice President Craig Carnaroli reported that for the consolidated University, total net assets totaled $13.5 billion as of March 31, an increase of $1 billion over the last 12 months. This is largely due to strong investment performance, particularly in the fourth quarter of the prior fiscal year. For the academic component, strong operating activity led to net operating income totaling $60 million, $80 million above prior year and $99 million above budget. He also noted strong revenue growth and maintenance of expenditures consistent with budget. The Health System has had a very strong year, Mr. Carnaroli noted, with year to date net operating income totaling $270 million, $139 million higher than budget and $45 million over the prior year.

Penn Medicine Report
Executive Vice President of Penn Medicine and Dean of the Perelman School of Medicine Larry Jameson reported that Emily Whitehead, who had received revolutionary immunotherapy leukemia treatment from Drs. Carl June and Stephan Grupp, shows no evidence of the disease three years after treatment. Dr. Jameson added that the School of Medicine was set to celebrate its 250th anniversary during the coming weekend, with a gala for 1,200 people at the Philadelphia Museum of Art as well as a series of special events which have been held throughout the year.

Dr. Jameson noted that, at the School’s commencement of 166 graduates this week, the speaker would be Dr. Gaetano Thiene, a physician at the world’s first medical school at the University of Padua in Italy. He added that founder John Morgan had visited Padua while planning Penn’s own medical school. Dr. Jameson also noted the School’s history was well summarized in the book, “To Spread the Light of Knowledge,” which he encouraged all to read.

Budget & Finance
Chair of the Budget and Finance Committee Andrew Heyer reported that at the committee’s meeting Vice President for Budget and Management Analysis Bonnie Gibson, Senior Vice President and Chief Financial Officer of the Health System Keith Kasper, and Vice President for Finance and Treasurer Steve Golding had reported on the University and Health System’s financial results as of March 31, 2015, which Mr. Carnaroli had previously summarized. Mr. Kasper reported that the Health System had successfully priced $358 million of Series 2015 Revenue bonds on April 16, producing net present value savings of approximately $22 million.
Additionally, Mr. Golding reported that on April 16, the University had closed on $380 million refunding bonds priced in February, yielding additional savings of approximately $25 million.

Mr. Heyer indicated that Vice Provost for Research Dawn Bonnell had presented on research at the University. The federal research budget has declined from a high of almost $180 billion (including stimulus funds) in 2009 to approximately $140 billion in 2015. He noted that despite the challenging federal landscape, Penn ranks in the top five for NIH funding and total sponsored research funding for the University is up nine percent. In addition, commercialization and research agreements have increased steadily over the past few years. Revenue for the Penn Center for Innovation is projected to total slightly more than $40 million in FY15.

Mr. Heyer stated that Dean of the Annenberg School for Communication Michael Delli Carpini had provided an overview of the School, which is ranked first in the nation for its communication program. About 200 undergraduate communication majors and 1,200 undergraduates take classes through the School, which also has 83 current Ph.D. students. With 21 standing faculty members and over 50 other teaching and research faculty and staff, the School’s FY15 total budget is $40 million, and its endowment stands at approximately $550 million, an increase of 70% since 2004.

Mr. Heyer presented the following resolutions, discussed and approved by the Budget and Finance Committee, for approval:

- Resolution to Authorize Design and Construction of the Stemmler Hall Lab and Century Bond Infrastructure Renovations in the Amount of $109,400,000.............................page 1
- Resolution to Authorize Design and Construction of Pennovation Works Infrastructure and the Pennovation Center for an Additional $30,790,000 (Total Revised Budget of $37,500,000)............................................................................................................... page 2
- Resolution to Approve the Transaction Related to Shore Memorial Hospital and Additional Lease of Space; Total Lease Obligation $3,070,517 .............................page 3
- Resolution to Authorize the Property located at 145 King of Prussia Road, Radnor, Pennsylvania and to Approve the Expenditure of Certain Fiscal Year 2016 Capital Funds for the Associated Transaction...............................................................page 5

All resolutions were approved. There being no further business to conduct, the meeting was adjourned at 1:30 p.m.

Respectfully submitted,

Leslie Laird Kruhly
Vice President and University Secretary