University of Pennsylvania Board of Trustees
Stated Meeting

Friday, June 19, 2015

MINUTES

A Stated Meeting of the Trustees of the University of Pennsylvania was convened at 11:29 a.m. in Robertson Hall, Jon M. Huntsman Hall


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 welcomed all in attendance and called the meeting to order. University Chaplain Reverend Charles Howard provided the invocation. The minutes of the February 27, 2015 and the May 14, 2015 meetings of the Trustees were approved as distributed.

Chair’s Report
The Chair read from a Memorial Resolution for former Trustee Samuel Greenawalt, Wharton ’51, expressing sorrow at his passing and commending his devotion to Penn. Mr. Greenawalt’s leadership began as a student athlete on Penn’s football team. A most deserving recipient of the Alumni Award of Merit in 1981, he served as a Trustee from 1979 through 1986. His family includes many Penn alumni, including his late sister Mary Ann and brother Jon.

The Chair read from a memorial resolution for former Trustee Shaun F. O’Malley, Wharton ’59, expressing sorrow at this loss, and admiration and appreciation for Mr. O’Malley’s service on the Board from 2001 to 2005, as a founding member of Penn Medicine’s Board, and as a member of
the Wharton School Overseers. Mr. O’Malley, who had served as Co-CEO and chairman of Price Waterhouse (PwC) worldwide, had also shared his significant financial expertise as a member of the Trustee Audit and Compliance and Budget and Finance committees.

Mr. O’Malley’s son, Brendan, thanked the Trustees of behalf of his family. He added that his father had loved Penn, not only for the professional preparation received, but also for the unique environment to explore extracurricular activities and his deep interests in Shakespeare and music.

The Chair then brought forward resolutions for approval amending the Statutes of the Trustees and appointing the Investment Board as Fiduciary for Defined Benefit and Retiree Medical Plans.

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

Memorial Resolution for H. Samuel Greenawalt ........................................................ page 1
Memorial Resolution for Shaun F. O’Malley ............................................................ page 2
Resolution to Amend the Statutes of the Trustees of the University of Pennsylvania........................................................ page 3
Resolution Appointing Investment Board as Fiduciary for Defined Benefit and Retiree Medical Plans ........................................................... page 5

Vice Chair’s Report
Vice Chair David Silfen presented a resolution to elect David L. Cohen as Chair of the Board of Penn’s Trustees, effective July 1, 2015 through June 30, 2016.

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

Resolution to Re-Elect David L. Cohen as Chair of the Board of Trustees ............... page 6

Nominating Committee Report
The Chair then presented resolutions re-electing Andrea Mitchell and David Silfen as Vice Chairs of the Board, and electing the Trustee Executive Committee and members of the Investment Board. The Chair then presented resolutions to re-elect Janet Haas, Krishna Singh, and Carol Elizabeth Ware as Term Trustees, elect Michael Price and Richard Vague as Term Trustees, and elect Richard Perry and Andrew Rachleff as Charter Trustees.

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

Resolution to Re-Elect Andrea Mitchell and David M. Silfen as Vice Chairs of the Board of Trustees ........................................................... page 7
Resolution to Elect the Executive Committee .......................................................... page 8
Resolution to Elect the Investment Board ............................................................... page 9
Resolution to Re-Elect Janet F. Haas as Term Trustee ........................................... page 10
Resolution to Elect Michael J. Price as Term Trustee ............................................. page 12
Resolution to Re-Elect Krishna P. Singh as Term Trustee....................................... page 13
Resolution to Elect Richard W. Vague as Term Trustee......................................... page 14
Resolution to Re-Elect Carol Elizabeth Ware as Term Trustee ............................... page 15
Resolution to Elect Richard C. Perry as Charter Trustee ......................................... page 16
Resolution to Elect Andrew S. Rachleff as Charter Trustee ................................. page 17

In closing his remarks, Mr. Cohen acknowledged the death the prior evening of Ralph Roberts, Wharton ’41, noting Mr. Robert’s impact and incredible importance to the University community, the City of Philadelphia, and particularly to Mr. Cohen as a friend and colleague.

President’s Report
President Gutmann offered thoughts on Mr. Roberts, a cherished Penn family member. Mr. Roberts and his wife, Suzanne, recently received the Philadelphia Award for their humanitarian efforts. President Gutmann added that through the family’s generosity, Penn Medicine’s Roberts Proton Therapy Center was established in 2009. Mr. Roberts served as a longtime member of the Penn Medicine Board and supported athletics, undergraduate financial aid, and his class. For his good works and lifelong Penn connection, in 2005 he received a Doctor of Laws honoris causa. President Gutmann offered condolences to Suzanne Roberts and the members of his family, and asked for a moment of silence in his honor.

President Gutmann noted that the recent Alumni Weekend had been the most successful in the University’s history, with record-breaking attendance of 11,571. She added that Penn’s 259th Commencement celebration was also quite memorable, with a spectacular group of honorary degree recipients and the Class of 2015 receiving excellent advice from speaker Ambassador Samantha Power. She gratefully acknowledged the hard work of the Trustee Committee on Honorary Degrees and Awards, chaired by Andrea Mitchell.

She stated that after a rigorous international search, she and Provost Price were delighted to announce Vijay Kumar as Penn Engineering’s new dean, effective July 1, 2015. Dr. Kumar has been on Penn’s faculty for nearly 30 years. His impressive academic and administrative record is well-suited to lead the School, building on Dean Glandt’s extraordinary tenure.

President Gutmann added that Dr. Kumar joins future Penn Law Dean Ted Ruger as Penn’s latest dean appointments. Indicating that Dean Ruger is a superb scholar and teacher of constitutional law and health law, President Gutmann noted that he has served as a member of Penn Law faculty for more than a decade and the school’s deputy dean since 2013. President Gutmann also expressed gratitude to Professor Wendell Pritchett for his service as Interim Law Dean.
President Gutmann then announced that on July 1, Michael Platt will join Penn as the University’s 16th Penn Integrates Knowledge University Professor. Professor Platt will be the James S. Riepe University Professor with appointments in the Perelman School of Medicine, in the School of Arts and Sciences Psychology Department, and in Marketing at Wharton. Professor Platt comes from Duke University, where he was Professor of Neurobiology, Director of the Duke Institute for Brain Sciences, and Director of the Center for Cognitive Neuroscience. At Penn, he will continue his path-breaking research on decision-making, social cognition, and attention.

President Gutmann indicated that yesterday Executive Vice President Carnaroli had reported to the Trustees on Penn Connects 2.0. She expressed her gratitude to him, Vice President Anne Papageorge, and their teams for their excellent work. From FY05 to FY15, Penn has invested $2.7 billion in 3.5 million square feet of new construction, 1.5 million square feet of renovations, and more than 27 acres of green space. The University continues to build the nation’s best urban research and teaching university campus, maximizing collaboration, attracting and empowering the world’s leading researchers and clinicians, extending learning beyond the classroom, and building vital connections at home, across the nation, and around the world.

On the prior evening, Trustees met with Penn’s inaugural President’s Engagement Prize winners Jodi Feinberg, Shadrack Frimpong, Katlyn Grasso, and Adrian Lievano, and Matt Lisle. President Gutmann noted the great vision, creativity, and pioneering spirit of these young alumni, adding that their projects embody Penn’s ethos of turning knowledge into action for the common good.

President Gutmann then read from a Resolution of Appreciation for Dean Eduardo Glandt, praising his leadership in steering Penn Engineering into new disciplines and innovative programs. During his tenure, there have been three award-winning new buildings, including the Singh Center for Nanotechnology, and hundreds of thousands of square feet of renovations to support the School’s vibrant community. The addition of 93 new faculty members has enriched the School’s reputation and will mold generations of Penn engineers. In addition, graduate and undergraduate enrollments have grown 45 percent while advancing in both selectivity and diversity.

In recognition of his four decades of advancing the intellectual distinction, collaboration, and innovation of the School of Engineering and of Penn, Dean Glandt will be designated Dean Emeritus of the University of Pennsylvania School of Engineering and Applied Science.

Dean Glandt expressed his gratitude and indicated that he was very moved by this recognition and that he felt he had been extremely lucky in his experience in the United States and at Penn. He noted that 25% of Penn applicants apply to Engineering, and that 43% of the incoming class are women.

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

Resolution of Appreciation for Eduardo Glandt ..................................................... page 18

Resolution to Appoint Vijay Kumar as Dean of the School of Engineering and Applied Science ................................................................. page 19

Resolution to Appoint Theodore Ruger as Dean of the Law School ............... page 20
**Academic Report**

Provost Vince Price announced that on July 1, Professor Beth Winkelstein will begin her appointment as Vice Provost for Education, replacing Andrew Binns, who served with distinction for nine years. A Penn graduate, Professor Winkelstein is a Professor of Bioengineering, a world-renowned researcher, and an educational innovator. Since 2012, Professor Winkelstein has served as Associate Dean of Undergraduate Education at Penn Engineering. Earlier, she served as Bioengineering’s Graduate Group chair.

The Provost added that the Penn Global Engagement Fund continues to catalyze new research. This year’s projects will allow undergraduates, graduates, faculty, and staff to study, research, and teach in nine countries, and include a medical physics training program in Tanzania; a materials, energy, and research symposium with Peking University; and heritage preservation projects in Syria and Iraq.

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

Resolution on Faculty Appointments, Leaves and Promotions ......................... Appendix

**Financial Report**

Vice President for Finance Stephen Golding reported that for the fiscal year ending June 30, 2015, total net assets for the Consolidated University are forecast to increase $488 million to $13.5 billion – $10.8 billion for the Academic Component and $2.7 billion for the Health System, primarily due to strong operating and endowment performance. A net operating surplus of $344 million is projected for the Consolidated University, the Academic Component is projecting an operating surplus of $103 million and the Health System projects a $316 million operating surplus, excluding transfers. Cash is projected to decrease $75 million this year to $1 billion, $41 million for the Consolidated University, $486 million for the Academic Component and $555 million for the Health System, primarily due to capital expenditures totaling $730 million.

Reporting on the budget for the fiscal year ending June 30, 2016, total net assets for the Consolidated University are budgeted to increase $664 million to $14.1 billion – $11.3 billion for the Academic Component and $2.8 billion for the Health System, primarily driven by projected endowment return. A net operating surplus of $76 million is budgeted for the Consolidated University. The Academic Component is budgeted for an operating surplus of $10 million and the Health System is budgeted for a $170 million operating surplus, excluding transfers. Cash is projected to decrease $291 million to $750 million for the Consolidated University – $428 million for the Academic Component and $322 million for the Health System, primarily due to planned $797 million of capital expenditures during the fiscal year.

**Penn Medicine Report**

Executive Vice President of Penn Medicine and Dean of the Perelman School of Medicine Larry Jameson highlighted activities during Penn Medicine’s 250th anniversary celebration year, including preparedness in fighting the Ebola virus; research to harness the body’s immune system to fight cancer and to be re-engineered HIV/AIDS resistant; unlocking a mystery in the brain that could lead to better treatments for Alzheimer’s disease; and discharging a patient awaiting a heart
transplant with a backpack mechanical heart. Dean Jameson added that Penn Medicine had sent 166 new physicians out into the world to change lives.

**Admissions Report**

Dean Eric Furda noted that of the ten Penn Posse scholars in the Class of 2015, two received Fulbright scholarships, and one a President’s Engagement Prize. He noted that the Class of 2019 came from the largest applicant pool in Penn’s history, 37,268. The composite SAT/ACT score increased eight points. 51% of the class is female and 45% self-identify as U.S. minorities. 50 states, Washington, DC, and Puerto Rico are represented. 15% are international students, and 12% are the first in their family to attend college. He added that 15 students form the third cohort of the KIPP (Knowledge is Power Program), the largest yet, and expressed gratitude for the gifts supporting these students.

President Gutmann thanked Dean Furda and his team for their phenomenal work.

**Penn Alumni Report**

Penn Alumni President Julie Platt indicated that discussion had centered on career networking services provided by Alumni Relations, with Trustees offering comments on how services might expand to serve cohorts such as young professionals and alumni seeking career changes.

Ms. Platt noted that the Penn Alumni Nominations Committee met this spring to discuss nominees for two Alumni Trustee positions with five-year terms to begin January 1, 2016. The nominees are Dhananjay Pai, W’83 of New York and Jill Topkis Weiss, C’89, WG’93 of Connecticut. Their biographies will appear in the *Gazette*, and a final vote will be held in November.

She congratulated Penn Medicine and the Wharton School, which both had record-breaking attendance on Alumni Weekend, and noted upcoming events: the September dedication of the Penn Wharton China Center in Beijing; Homecoming on November 6-8, when Emeritus Trustee Katherine Sachs will receive an Alumni Award of Merit, and *Engaging Minds* December 5 in New York. Ms. Platt thanked all trustees for their support of Penn Alumni.

**Academic Policy**

Chair Scott Bok indicated that Vice Provost for Global Initiatives Zeke Emanuel and Perry World House Director Bill Burke-White had presented on the Strategic Framework for Global Initiatives first published in 2011. A new Global Seminars program offers short-term study abroad embedded into on-campus courses as an alternative to traditional study abroad programs, which require longer time away from campus and increasingly draw less student interest nationally and at Penn.

Mr. Bok noted that the Perry World House will open next spring as Penn’s first dedicated hub for global activities, as a place for academics and policymakers to come together to address urgent global challenges, and as a campus center for international students and visitors, offering courses and a wide range of public events. He added that discussion had focused on the impact of global experiences on students, how Penn’s global mission relates to its interdisciplinary mission, and how the Perry World House can best engage students, the global community, and Philadelphia.

The Committee also approved a resolution to establish a Master of Science in Design in the School of Design, a new degree for advanced professional training to students who already hold a first professional degree.
The following resolution was approved (full resolution text is appended):

Resolution to Establish a Master of Science in Design in the School of Design ..... page 21

Audit & Compliance
Chair Jay Fishman noted that Associate Vice President for Audit, Compliance, and Privacy Mary Lee Brown had presented on the FY16 risk assessment and audit plan. He added that Ms. Brown gave an update of the on-track FY15 audit plan progress. Dr. Larry Jameson and Dr. Emma Meagher had presented on clinical research programs and Penn protocols for clinical trials, and that the committee felt assured that there was an extraordinary level of attention to those protocols.

The committee also received several accounting updates, including form and content review, the annual financial report, fourth quarter fiscal year transactions, and a presentation on the FY14 letter update, as well as a positive update from PricewaterhouseCoopers on 2015 audit progress.

Mr. Fishman extended best wishes to Mary Lee Brown, who has led ably for many years and is soon retiring, and offered thanks for her service to the University, which had extraordinarily elevated the profile of her department. Chair David Cohen concurred, praising Ms. Brown’s contributions and that of her team. Noting that this was Mr. Fishman’s final report as chair of Audit and Compliance, the Chair thanked Mr. Fishman for his leadership of the committee.

Budget & Finance
Chair Andy Heyer reported that the primary focus for the meeting was the review and approval of the operating and capital budgets for the University and Health System for FY16, noting Mr. Golding’s prior report on FY15 projections and the FY16 budget. He indicated that Senior Vice President and Chief Financial Officer for the Health System Keith Kasper had reviewed the capital budget for the Health System, with $599 million in spending, including $150 million for the Penn Tower demolition and planning for a new Patient Pavilion, and $120 million for the Pennsylvania Hall site construction. The complete Patient Pavilion project will be brought forward for approval in FY17-18. Spending will take place over the next four years with FY16 capital spending forecast at $433 million.

Vice President for Facilities and Real Estate Services Anne Papageorge and Mr. Golding had presented the Academic Component capital plan, including projects totaling $434 million to begin next year with spending occurring over the next five years. In addition, $328 million is projected over the next four years for other ongoing projects. FY16 projects include Hill House renovation and development of the Pennovation Center, as well as infrastructure projects funded by Century Bonds in Stemmler Hall, the Evans Building, and the Ryan Veterinary Hospital.

Mr. Heyer indicated that the committee had reviewed and approved ten resolutions. The following resolutions were approved (full resolution text is appended):

Resolution to Authorize the Spending Rule for Endowments............................... page 22

Resolution to Authorize the Fiscal Year 2016 Operating Budget for the University of Pennsylvania ................................................................. page 23
Resolution to Authorize the Fiscal Year 2016 Capital Plan for the University of Pennsylvania .......................................................... page 24

Resolution to Authorize the Fiscal Year 2016 Operating Budget for the University of Pennsylvania Health System .......................................................... page 25

Resolution to Authorize the Fiscal Year 2016 Capital Budget for the University of Pennsylvania Health System .......................................................... page 26

Resolution to Declare the University’s Intent to Reimburse Capital Costs with Proceeds of Borrowings ................................................................. page 27

Resolution to Declare the University of Pennsylvania Health System’s Intent to Reimburse Capital Costs with Proceeds of Borrowings .......................................................... page 30

Resolution to Authorize Design and Construction of the Evans Building Centennial Renovation Project and HVAC Upgrade in the Amount of $37,000,000 .......................................................... page 33

Resolution to Authorize Design and Construction of the Kislak Special Collections Center Renovation Phase 3 in the Amount of $6,200,000 .......................................................... page 34

Resolution Approving the Strategic Transaction Related to Tcera, Inc. and Investment into Tcera, Inc. .......................................................... page 35

**Development**

Chair Lee Doty indicated that the annual meeting of the University Development and Alumni Relations Leadership Council was held the day prior in conjunction with the Development Committee meeting. The meeting focused on cultivating a broader base of donors, further building Penn engagement and philanthropy. President Gutmann spoke about engaging donors in conversations on what is most important to them and updated the group on how the Presidential Initiatives are fueling Penn Compact 2020 progress. Vice President John Zeller provided information on fundraising progress and framed the challenges and opportunities faced with Penn’s ever-broadening base of donors. Three Penn donors, whose philanthropy grew from their active engagement with the University, shared their inspiring perspectives. Following the meeting, Council members had convened for the second annual Leadership Volunteer Development Forum.

Ms. Doty thanked the Board for their support and leadership.

**Facilities & Campus Planning**

Reporting for Chair Egbert Perry, Trustee Jamie Greene noted that Wharton Deputy Dean Michael Gibbons and architect Wendy Evans Joseph had discussed the Robbins House project for the Jerome Fisher Program in Management and Technology. The $7 million modernization will provide expanded facilities and an integrated design will merge the existing facade with a new addition on the Class of ‘76 Plaza. Construction is to be completed in Spring 2017.
Anne Papageorge, Vice President for Facilities and Real Estate Services, and Ken Ogawa, Executive Director of Operations and Maintenance, presented an update of Penn’s Century Bond Program, which is funded by a 2012 $300 million bond issue at 4.674% interest and a 100-year term. $200 million is directed toward energy-efficient upgrades in lighting and HVAC systems and reducing deferred maintenance needs. About $10 million has been invested in lighting upgrades in 42 campus buildings and $190 million is planned for HVAC improvements in nine major building projects. Remaining funds will be used for other strategic projects.

Ms. Papageorge and Michael Dausch, Executive Director of Design and Construction, presented a campus construction update for capital projects, including the New College House, the Neural and Behavioral Sciences Building, Perry World House, Pennovation Center and Pennovation Works, Richards Labs C and D Towers, Meyerson Hall studio renovations, and the Module 7 Chiller Plant expansion. There are currently 240 active projects involving 75 buildings.

**Local, National and Global Engagement**

On behalf of Chair Marc McMorris, Trustee Allen Bell noted that the Provost had led a committee discussion about the Campaign for Community and Penn’s commitment as a model for constructive conversation around difficult issues. April’s Town Hall event and plans for the upcoming year were highlighted. He added that Associate General Manager of WXPN Quyen Shanahan and undergraduate Olivia Graham had reported on WXPN, Penn’s public radio station, its financial position, projections, and new initiatives. In addition, Vice President for Government and Community Affairs Jeffrey Cooper led a discussion with Associate Vice President for Federal Affairs Bill Andresen and Senior Director of Commonwealth Relations Hugh Allen, addressing budget issues and the federal and state impact on research and other Penn priorities.

**Student Life**

Chair Claire Lomax indicated that Patricia Rose, Director of Career Services, had led an in-depth discussion on how Penn helps undergraduate, graduate and professional students, and alumni define and achieve their professional goals. The committee learned about the many programs offered and how staff members respond to 13,000 individual student emails annually. 11,000 on-campus interviews take place each year; rising to 30,000 when including Wharton MBA and the Law School. Career Services utilizes technology to conduct virtual interviews and tailor messaging for populations such as first-generation students and veterans. The committee also reviewed employment rates and placement for undergraduate, graduate, and professional students. They discussed challenges, such as costs incurred by students participating in internships in other cities or countries, and how Career Services is exploring options to provide financial assistance. Ms. Lomax noted that Penn alumni are committed to assistance with the networking, mentoring, and interviewing essential to pre-professional planning.

**Appointments to Penn Medicine, Overseer and Other Boards**

Mr. Cohen presented the final order of business and the following resolutions were presented and approved (full resolution text is appended):

Resolution to Appoint Robert J. LeFort, Howard A. Silverstein, and Jeffrey C. Young to the Athletics Board of Overseers ................................................................. page 37
Resolution to Re-appoint William W.M. Cheung as Chair of the Board of Overseers of the School of Dental Medicine ................................................................. page 38

Resolution to Appoint Nisa C. Amoils and Jay G. Goldman to the Board of Overseers of the School of Design and to Appoint A. Eugene Kohn as an emeritus member of the Board of Overseers of the School of Design............................................................... page 39

Resolution to Appoint Ricardo C. Calvillo, Jr. to the Board of Overseers of the School of Engineering and Applied Science ........................................................................ page 40

Resolution to Appoint David N. Roberts as Chair of the Board of Overseers of the Graduate School of Education ........................................................................ page 41

Resolution to Re-Appoint Katherine Stein Sachs and Stephen R. Weber to the Board of Overseers of the Institute of Contemporary Art ................................................... page 42

Resolution to Appoint Renee Lewis Glover to the Advisory Board of the Penn Institute for Urban Research ........................................................................................................ page 43

Resolution to Re-Appoint Members of the Penn Medicine Executive Committee.. page 44

Resolution to Appoint Sarah Jencks Lodge and Elizabeth McCausland-Salata to the Advisory Board of Managers of the Morris Arboretum of the University of Pennsylvania and to Re-Appoint Jane Bradley Alavi as Chair of the Advisory Board of Managers of the Morris Arboretum of the University of Pennsylvania ........................................ page 45

Resolution to Re-Appoint David T. Clancy and Frederick J. Manning to the Board of Overseers of the Penn Museum of Archaeology and Anthropology and to Re-Appoint Michael J. Kowalski as Chair of the Board of Overseers of the Penn Museum of Archaeology and Anthropology............................................................... page 46

Resolution to Re-Appoint Dean C. Kehler as Chair of the Board of Overseers of the School of Nursing ................................................................................................................ page 47

Resolution to Appoint Jodi B. Rabinowitz to the Board of Overseers of the School of Social Policy & Practice and to Re-Appoint Ann Reese as Chair of the Board of Overseers of the School of Social Policy & Practice ......................................................... page 48

Resolution to Re-Appoint Mindy Halikman Heyer as Chair of the Board of Overseers of the School of Veterinary Medicine ............................................................................... page 49

Resolution to Appoint Frank E. Destribats and Daniel S. Och to the Board of Overseers of the Wharton School ................................................................................................. page 50

The meeting was adjourned at 12:25 p.m.

Respectfully submitted,
Leslie Laird Kruhly
Vice President and University Secretary