University of Pennsylvania Board of Trustees
Winter Stated Meeting

Meeting of March 2, 2018

MINUTES

The Winter Stated Meeting of the Trustees of the University of Pennsylvania was convened at 11:30 a.m. in the Woodlands Ballroom, Inn at Penn.


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.

Call to Order
Chair David L. Cohen called the meeting to order. University Chaplain Reverend Charles Howard provided the invocation. The minutes of the November 3, 2017, December 14, 2017, and January 31, 2018 meetings of the Trustees were approved as distributed.

Chair’s Report
The Chair noted the productive meetings just completed. He called particular attention to the impressive young people, the Penn World Scholars, who had been guests at Thursday’s luncheon, as well as the speakers at the dinner, Christopher Yoo of Penn Law and Mauro Guillén of the Wharton School and Director of the Lauder Institute. Mr. Cohen added that today would be
historic for Penn, with a resolution being presented to approve a new multi-billion dollar campaign to support achieving bold initiatives that expand Penn’s positive impact worldwide.

Mr. Cohen read from a Memorial Resolution for Sarah Wilder Fuller, CW’71, PAR’04, PAR’07. A self-proclaimed “New England Yankee,” Sarah wasn’t one to mince words. Fortunately for Penn, she also offered wise counsel and enthusiastic leadership to the University for many years. An advocate for cross-disciplinary studies, Sarah’s interests were tapped throughout her Penn leadership service, including appointments to the advisory boards of the Huntsman Program in International Studies and Business and the Roy and Diana Vagelos Program in Life Sciences & Management. She joined the SAS Overseers Board in 2007, serving on its Executive Committee for a decade, and was named an Alumni Trustee in 2009. Sarah led efforts to create a professorship in Rebecca Bushnell’s honor in 2012. Mr. Cohen offered condolences to her friends and family, including her husband Bill, and their sons, Charlie and Sam, and asked for a moment of silence to honor Sarah Fuller.

Mr. Cohen then presented a resolution to authorize a pilot program to enable University participation in early financing rounds in companies created through licenses of Penn-related intellectual property in two select areas: gene and cell therapy and connected health. Program implementation would be overseen by management with annual reporting to the University and Penn Medicine Executive Committees.

The following resolutions were approved (full resolution texts are appended):

Action 1  Memorial Resolution for Sarah Wilder Fuller........................................ page 1

Action 2  Resolution to Approve the Penn Medicine Innovation Co-Investment Pilot Program and to Delegate Authority for the Investment of Up to $45 Million in a Series of Co-Investments ................................................................. page 3

Nominating Committee Report
Mr. Cohen presented resolutions to elect Laura Alber and Alan David Schnitzer as Term Trustees, and to re-elect Kenneth D. Moelis as a Term Trustee.

The following resolutions were approved (full resolution texts are appended):

Action 1  Resolution to Elect Laura Alber as Term Trustee ................................. page 5

Action 2  Resolution to Elect Alan David Schnitzer as Term Trustee............... page 6

Action 3  Resolution to Re-elect Kenneth D. Moelis as Term Trustee.............. page 7

President’s Report
President Gutmann stated that the reach of Penn’s engagement with the world has never been greater, as illustrated by the February 8th opening of the new Penn Biden Center for Diplomacy and Global Engagement in Washington, DC. The event featured a discussion between Trustee
Emerita Andrea Mitchell, this year’s Commencement Speaker, and former U.S. Vice President and Benjamin Franklin Practice Professor Joseph R. Biden, as well as a ribbon cutting.

She summarized other significant recent Penn events, with Penn Law hosting U.S. Supreme Court Justice Ruth Bader Ginsberg, who met with students and faculty and delivered Penn Law’s Owen J. Roberts Memorial Lecture. President Gutmann added that a full house at Irvine Auditorium attended the David and Lyn Silfen University Forum on “People and Policy Adrift: A 21st Century Framework for Asylum Seekers, Refugees, and Immigration Policy.” Panelists included Vice President Biden, the Honorable Jeb Bush, Columbia University Professor Michael Doyle, College alumnus Dau Jok, and former U.S. Assistant Secretary of State Anne Richard.

President Gutmann noted that inaugural PIK Professor and SP2 Dean John L. Jackson will become the new dean of the Annenberg School, effective January 1, 2019.

She then read from a Resolution of Appreciation for Denis Kinane, who served as Dean of the School of Dental Medicine for eight and a half years. During his service, he implemented significant change across every aspect of the School’s programs and operations. His five key priorities – institutional effectiveness, educational programs, faculty and staff, patient care, and research – furthered the School’s global preeminence. His leadership advanced the School’s emphasis on recruiting and retaining the most exceptional faculty, and its research rankings rose to among the top in the nation. Educational programs were similarly expanded. The School’s physical space has been transformed, most notably the new 10,000-square-foot Schattner Clinic and the upcoming Schattner Pavilion. Denis Kinane emphasized enhancing service to Penn and Philadelphia, including enhancing the Penn Dental practices, providing dental care at schools and summer sites across West Philadelphia, and improving the services of the PennSmiles bus. Thanks to his leadership, Penn Dental Medicine is well-positioned for the future.

She then read from a Resolution to appoint John H. Zeller as Senior Vice President for Development and Alumni Relations. As Vice President for Development and Alumni Relations since 2005, he has provided strategic direction to the University’s 12 schools and six centers. He oversaw the Making History campaign, the largest and most comprehensive initiative of its kind in Penn’s history, raising $4.3 billion, adding state-of-the-art facilities to Penn’s campus, attracting and retaining the most exceptional faculty, and increasing student aid and alumni engagement to record levels. Under his leadership, the University is well underway planning a new campaign, which will power the Penn Compact 2022 to maximize the University’s inclusion, innovation, and impact. Mr. Zeller exemplifies the strong and collaborative team leadership that is key to Penn’s ongoing success.

Mr. Zeller thanked everyone and acknowledged the Development and Alumni Relations team that he had had the privilege of leading since 2005. Mr. Zeller added that he looked forward to working with the Trustees for a successful Campaign and in the years ahead.

The following resolutions were approved (full resolution texts are appended):

Action 1 Resolution of Appreciation for Denis Kinane .......................................... page 8
Academic Report
Provost Wendell E. Pritchett indicated that his office has been working with partners across the University to reaffirm the critical importance of wellness for the Penn community. In addition to new initiatives and resources at Counseling and Psychological Services, Penn has launched a comprehensive wellness campaign and a companion website, with a goal of strongly reinforcing a holistic view of wellness, that emotional and mental wellness are closely connected to social, physical, spiritual, financial, and other kinds of well-being. The website features an events calendar and a comprehensive guide to resources to support students, faculty, and staff.

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

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

Financial Report
Executive Vice President Craig R. Carnaroli reported that as of December 31, 2017, Consolidated University total net assets are approximately $17 billion, an increase of $2 billion over prior year, driven largely by strong investment and operating performance. In the month of February, the nonprofit financial advisory firm The Yuba Group reported that Penn had the highest growth in net assets for the past decade (86% growth), which includes the financial downturn, of any of our Ivy Plus peers.

For the Academic Component, there was a change in net assets from operations of approximately $25 million, an improvement over the prior year due in large part to strong growth in sponsored program activity and increased enrollment in professional and master’s programs. Operating and non-operating contributions totaled $207 million, an increase of $15 million or 7.9% over prior year, representing good momentum going into the Campaign. For the Academic Component, capital expenditures totaled $130 million as of December 31, 2017.

Mr. Carnaroli indicated that the Health System continues to demonstrate strong financial performance with a net income from operations totaling approximately $198 million, below prior year but significantly above budget. Operating revenue increased $165 million, or 5.4% over the prior year. Expenses increased similarly, which is consistent with increased patient activity. Adjusted admissions, a reflection of inpatient and outpatient services, were approximately 120,000, slightly above prior year and consistent with budget. Capital expenditures totaled approximately $248 million as of December 31, 2017, consistent with prior year. He noted that Princeton HealthCare had joined Penn effective January 1; financial results will be reported in future periods.

Penn Medicine Report
Executive Vice President of the University of Pennsylvania for the Health System and Dean, Perelman School of Medicine J. Larry Jameson highlighted Penn Medicine’s ongoing momentum, notably a series of FDA approvals, including Lynparza, the first in a new class of PARP inhibitors for patients with inherited BRCA mutations. Referencing the new Annual Community Benefit Report, he
noted the broad-based nature of Penn Medicine’s engagement involving physicians, nurses, staff, and medical and graduate students, which also reaps invaluable experience. He added that in FY17, Penn Medicine contributed nearly $500 million in community benefits, including free and subsidized medical care, community programs, physician training, and research support. He noted examples of innovative programs such as the Cancer Screening Outreach and Navigation program, which reached over 3,800 residents, and the Penn Center for Community Health Workers, which trains lay community members to assist high-risk patients in their neighborhoods achieve health goals and stay out of the hospital through advocacy, social support, and navigation.

**Academic Policy**
Trustee Ramanan Raghavendran, reporting for committee chair Scott L. Bok, indicated that the committee had focused on Penn’s global initiatives, with discussion of the new five-year Strategic Framework for Global Initiatives advancing goals of educating global citizens, catalyzing transformative ideas, and bringing the world to Penn and Penn to the world. Vice Provost for Global Initiatives Ezekiel Emanuel outlined the success of the initial strategic plan to further Penn’s leadership in global engagement. New programs, such as Global Seminars, build global experiences into classes that meet primarily on campus. Discussion included the inclusion of global issues into the curriculum, measuring the impact of global programs, and how students on financial aid can afford global travel costs. Faculty Senate Chair Santosh Venkatesh briefed the Committee on the Teach-In planned for later in March, the first since 1969. The Teach-In will re-examine the role of the university in the 21st century and has been designed to foster dialogue between Penn and the wider public.

**Audit & Compliance**
Chair Ann Reese indicated that Trustee James H. Greene had briefed the committee on the February 20, 2018 Penn Medicine Audit and Compliance Committee meeting. The committee also received briefings by Associate Vice President Gregory J. Pellicano on the activities of the Office of Audit, Compliance and Privacy; Comptroller John Horn on significant transactions for the University and Penn Medicine for the first six months of the fiscal year; University Chief Privacy Officer Scott Schafer on progress on the University’s privacy program, and Penn’s Vice Provost for Research Dawn A. Bonnell on research partnerships with industry and how Penn manages risks with such relationships. PricewaterhouseCoopers Partner Jeffrey Williams also presented an update on the Fiscal Year 2018 Audit Engagement Plan and second quarter review.

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

**Budget & Finance**
Chair Osagie O. Imasogie indicated that Vice President of Budget and Management Analysis Trevor Lewis, Senior Vice President and Chief Financial Officer for the University of Pennsylvania Health System Keith A. Kasper, and Vice President for Finance and Treasurer Mary Frances McCourt had reported on the University and Health System’s financial results as of December 31, 2017 and Mr. Lewis presented the University’s recommendation for a 3.8% increase in undergraduate tuition and fees for the Academic Year 2018-2019. Tuition, fees, and
room and board will be $71,200. The undergraduate financial aid budget for Academic Year 2018 - 2019 will total approximately $237 million, a 5.25% increase over 2018. Over the past ten years, financial aid has had an average annual growth rate of 8%, more than twice the rate of total charges growth.

The committee also received an update on procurement at Penn. In FY17, purchasing initiatives resulted in savings/cost avoidance of approximately $30 million, a 68% increase since FY12. Spending with diversity suppliers has increased by 20% in that period. Penn will launch a supplier portal this month, offering improved data security and controls, and increased efficiency and visibility. Dean John L. Jackson then provided an overview of the five-year strategic plan for the School of Social Policy & Practice, including increasing financial aid, developing a strong online presence for certain degree programs, improving research infrastructure to grow grant funding, and increasing endowed professorships.

The following resolutions were approved (full resolution texts are appended):

**Action 1** Resolution to Authorize Tuition, Fees & Other Student Charges for Academic Year 2018-2019 .......................................................... page 11

**Action 2** Resolution to Authorize the University of Pennsylvania Museum of Archaeology and Anthropology Coxe/Harrison Wings Renovation Phase 1 in the Amount of $21,925,000 .......................................................... page 12

**Action 3** Resolution to Authorize New College House West Full Design and Utility Construction for an Additional $8,500,000 (Total Revised Budget of $17,000,000) .......................................................... page 13

**Action 4** Resolution to Authorize 5 Year New Lease for the Perelman School of Medicine, Gene Therapy; 3711 Market Street, 8th Floor; Total Lease Obligation (Present Value) of $6,880,000 Inclusive of $450,000 of Capital .......................................................... page 14

**Action 5** Resolution to Authorize 3401 Walnut Street Mechanical and Electrical Infrastructure Improvements in the Amount of $6,450,000 ............. page 15

**Action 6** Resolution to Authorize the Joinder of Princeton HealthCare System Holding, Inc. and Certain of its Affiliates (the "PHCS Entities") as Members of the Obligated Group of the University of Pennsylvania Health System ("UPHS"); the Modification or Refinancing of Certain Indebtedness of the PHCS Entities; and the Issuance of Master Notes by UPHS to Secure Certain Indebtedness of the PHCS Entities .......................................................... page 16

**Action 7** Resolution to Authorize the Acquisition of the Properties located at Lititz, Pennsylvania by Lancaster General Hospital and the Approval of Up To $14,000,000 in Fiscal Year 2019 Capital Funds for the Associated Transaction .......................................................... page 18
Campaign Development
Committee Chair and Campaign Vice-Chair Lee Spelman Doty noted that the committee had been briefed on FY18 fundraising to date, with President Gutmann announcing that the Professorship Challenge had exceeded expectations, and the importance of continuing to raise faculty and staff endowments as a priority for the upcoming Campaign. Senior Vice President for Development and Alumni Relations John H. Zeller reviewed the priorities and proposed goals for a new Campaign, and Campaign Chair Robert M. Levy outlined the exciting projects and initiatives to be advanced through the Campaign, including increasing the depth and scope of alumni and community engagement. After discussion, the committee enthusiastically and unanimously endorsed the goal of $4.1 billion for The Power of Penn Campaign: Advancing Knowledge for Good, and asked that it be presented to the Trustees for a vote at this meeting.

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

Action 1 Resolution on the University of Pennsylvania’s Capital Campaign

Facilities & Campus Planning
Chair James H. Greene indicated that Director of Athletics and Recreation M. Grace Calhoun had outlined the renovation to the Ringe Squash Center, home to the men’s and women’s varsity squash teams and the recreational squash program since 1959. The $18.7 million project will begin construction in summer of 2018 and open in fall of 2019. He added that Vice President of Facilities and Real Estate Services Anne Papageorge and University Architect David Hollenberg, has presented a comprehensive update of Penn’s progress toward goals of the Climate Action Plan 2.0, including achievements across academics, utilities, physical environment, waste minimization and recycling, purchasing, transportation, and outreach and engagement. Ms. Papageorge and Executive Director of Design and Construction Michael Dausch, provided an update of Century Bond funded projects, outlining improvements in energy efficiency and progress on deferred maintenance. Discussion also included the re-commissioning program, an ongoing building tune-up to ensure mechanical systems are operating in conformance with building design.

Local, National and Global Engagement
Chair Marc F. McMorris indicated that the Vice Provost for Global Initiatives Ezekiel Emanuel had spoken about the framework for global initiatives going forward to 2023, and Penn’s remarkable success over the past six years in expanding global offerings and impact, including openings of the Penn Wharton China Center, Perry World House, and the Penn Biden Center for Diplomacy and Global Engagement. Equally important is Penn’s success in creating global opportunities for students. He added that Director of the Netter Center for Community Partnerships Ira Harkavy and students involved in the Center’s programming, had joined the committee to discuss the academically based community service courses offered in eight schools, across 31 departments and programs. The Netter Center, currently celebrating its 25th anniversary, provides an extraordinary opportunity for students to engage in community outreach with
measurable outcomes, including larger numbers of local students applying for and attending college.

**Student Life and Ad Hoc Committee on Diversity**

Student Life Chair M. Claire Lomax reported that the committees had explored the ever-expanding support for Penn’s first generation students. President Gutmann spoke about commitments to resources aiding these students in feeling even more connected to the University. Provost Pritchett offered an update on mental health initiatives, including the Campaign for Wellness, the reinvigorated “Take Your Professor to Lunch” program, and increased resources for Counseling and Psychological Services. Ms. Lomax noted several important discussion points, including the month-long Pre-Freshman program, which provides a jumpstart for academic success, and the Wharton “STEP” program, a three-day intensive introduction.

Ms. Lomax indicated that Vice President for Finance and Treasurer MaryFrances McCourt had spoken about increased financial assistance that allows for fuller participation in Penn’s student life. Director of Career Services Patricia Rose spoke about the availability of internship stipends and networking opportunities for high-need students. In 2017, first generation students earned higher starting salaries than their non-first generation peers.

**Penn Alumni Report**

Penn Alumni President Julie Platt welcomed the three new Alumni Trustees: Adam K. Bernstein, Alberto Ivan Duran, and Lynn J. Jerath. She indicated that at their meeting, Associate Vice President Hoopes Wampler and Executive Director of Alumni Relations Elise Betz, had presented alumni engagement goals for the upcoming Campaign, including event and program participation, volunteer opportunities, intellectual engagement, communications, and increased donor participation. Two new volunteer driven groups have been created, the Campaign Alumni Engagement Committee and the Student Alumni Engagement Committee, to support these goals. Alumni Relations will also introduce a new tool, Penn Points, to allow alumni to self-report their engagement with Penn. Ms. Platt noted that the Penn Alumni Volunteer Leadership Retreat would begin that evening. She added that registration continues for May 11-14 Alumni Weekend, with over 1,000 responses already received.

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

As the final order of business, Chair Cohen presented the following resolutions with appointments to Penn Medicine, Overseers, and Other Boards.

The following resolutions were approved (full resolution texts are appended):

- **Action 1** Resolution to Appoint Jason M. Pantzer and Julie B. Platt and to Re-appoint Richard D. Feintuch and David J. Katz to the Board of Overseers of the Annenberg Center for the Performing Arts ............................................ page 23

- **Action 2** Resolution to Appoint David S. Pottruck as an Emeritus Member of the Athletics Board of Overseers ................................................................. page 24
Action 3  Resolution to Appoint Amrita Sen and to Re-appoint Kevin S. Penn as Chair of the Board of Overseers of the School of Design ........................................ page 25

Action 4  Resolution to Appoint Jolly B. Christman to the Board of Overseers of the Graduate School of Education .............................................................. page 26

Action 5  Resolution to Appoint Brett A. Sundheim to the Board of Overseers of the Institute of Contemporary Art ............................................................... page 27

Action 6  Resolution to Appoint Steven M. Cohen, Martez R. Moore, and Patty Shwartz to the Board of Overseers of the Law School ........................................ page 28

Action 7  Resolution to Appoint Laurie G. Gliklich, Jeffrey S. Lin, and Mina T. Wattenberg to the Board of Overseers of the University Libraries ...... page 29

Action 8  Resolution to Appoint Kim Jensen Pimley and Conrad L. Druker to the Penn Medicine Board as Term Members ........................................................ page 30

Action 9  Resolution to Appoint Louis A. Matis, M.D. to the Penn Medicine Board as Term Member ............................................................... page 31

Action 10 Resolution to Re-appoint Joseph R. Zebrowitz, M.D. of the Penn Medicine Board as Term Member .................................................. page 32

Action 11 Resolution to Appoint Kim Jensen Pimley as a Member of the Penn Medicine Executive Committee ...................................................... page 33

Action 12 Resolution to Appoint Neil D. Glat to the Board of Overseers of the School of Social Policy & Practice ......................................................... page 34

Action 13 Resolution to Confirm the 2018 Slate of The Wistar Institute Board of Trustees ............................................................... page 35

The meeting was adjourned at 12:19 p.m.

Respectfully submitted,

Leslie Laird Kruhly
Vice President and University Secretary