A meeting of the Executive Committee of the Trustees of the University of Pennsylvania was convened on Thursday, May 10, 2018 at 1:26 p.m. in the Class of 1949 Auditorium, Houston 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’s Report
Chair David Cohen stated that the campus looked forward to welcoming thousands of alumni to celebrate the Penn traditions of Alumni Weekend, the Ivy Day ceremony, and class reunions. He added that Penn’s 262nd University Commencement is Monday, May 14, with Penn alumna and Trustee Emerita Andrea Mitchell as speaker.

President’s Report
President Gutmann spoke about the recent official kickoff for the Power of Penn Campaign with a goal to raise $4.1 billion, the most ambitious capital campaign in the University’s history. As one groundbreaking example of achievement, President Gutmann noted the FDA approval last week of CAR T-cell therapy for the most common form of non-Hodgkins lymphoma. It is the second approved application for the nation’s first personalized gene therapy for cancer.

She also noted new initiatives to support First Generation Low Income undergraduates to include the creation of a new office for Penn First Plus students, part of comprehensive efforts to ensure the success of Penn’s students.

President Gutmann then noted recipients of the 2018 President’s Engagement Prize: Griffin Amdur, James McPhail, Andrew Witherspoon, Svanika Balasubramanian, Peter Wang Hjemdahl, and Alaina. This year’s President’s Innovation Prize was awarded to Rui Jing Jiang, Brandon Kao, and Adarsh Battu.

Academic Report
Provost Wendell Pritchett briefly outlined next steps in advancing wellness of the Penn community, including establishment of a new position of Chief Wellness Officer, who will be responsible for furthering all aspects of wellness at Penn, including combined oversight of CAPS, Student Health Service, and the office of Alcohol and other Drug Program Initiatives. Altogether, they will be
known as Student Wellness Services. Searches are commencing for this role as well as for a new Executive Director for CAPS, and are expected to be completed this fall.

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

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

Financial Report
Executive Vice President Craig Carnaroli stated that for the nine months ended March 31, 2018 for the Consolidated University, total net assets were $17.6 billion, an increase of $2.1 billion over the prior year. This was driven largely by strong investment and operating performance as well as the member substitution of Princeton HealthCare System.

For the Academic Component, the change in net assets from operations reflected a $68 million increase versus a $53 million decrease in the prior year. Operating and non-operating contributions totaled $314 million, an increase of $53 million, or 20 percent above the prior year, partly due to the acceleration of gifts prior to the tax law change at the year’s end.

For the Health System, on January 1, Princeton HealthCare System (PHCS) became part of the University and Penn Medicine through a member substitution, which resulted in a non-operating gain of $315 million. The Health System continues its strong operational performance with an increase in net assets of about $280 million through March 31. With respect to patient activity, adjusted admissions (excluding PHCS) as a measure of both inpatient and outpatient services were about 179,000, slightly above the prior year.

Penn Medicine Report
Executive Vice President of the University for Penn Medicine and Dean of the Perelman School of Medicine Larry Jameson indicated that on Sunday, the school would celebrate 159 graduates, including Jonathan Wood, a veteran of the U.S. Air Force. Dr. Wood, a Pat Tillman Military Scholar and Bronze Star recipient, is receiving both MD and MBA degrees.

Budget & Finance Committee
Chair of the Budget and Finance Committee Osagie O. Imasogie indicated that Vice President for Finance and Treasurer MaryFrances McCourt, Vice President for Budget and Management Analysis Trevor Lewis, and Senior Vice President and Chief Financial Officer for the University of Pennsylvania Health System Keith Kasper had reported to the committee on the University and Health System’s financial results as of March 31, 2018, as indicated above.

Chief Investment Officer Peter Ammon had presented an endowment overview, indicating that Penn’s endowment totaled $12.2 billion as of June 30, 2017. About $10.9 billion, or 89%, is invested in the Associated Investments Fund (AIF). Mr. Ammon described the evolution of the AIF’s target spending rate over time and the growth in support that it provides to financial aid and the academic budget. He also noted that Penn has performed favorably over the past decade relative to both its composite benchmark and broader endowment returns.

Mr. Lewis had discussed implementation of a block tuition approach for distribution of undergraduate tuition that is consistent with peer practices, set to become effective in FY19. This approach will better align tuition distribution with the University’s educational mission and goals and provide stable tuition revenue for the undergraduate schools.
Vice Provost for Research Dawn Bonnell presented on research at the University, reporting that the University’s FY16 research and development expenditures of $1.3 billion ranked third for national higher education institutions. In FY17, research awards were $1.01 billion, with federally sponsored research comprising 70% of the total. Commercialization revenue is projected to reach approximately $48 million in FY18.

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

Action 1 Resolution to Authorize New Lease for the Vice Provost for Research, Penn Center for Innovation, Research Integrity Office, OVPR Information Technology; 3600 Civic Center Boulevard, Center for Healthcare Technology, 9th Floor; Total Lease Obligation (Present Value) $11,662,000 Inclusive of $6,500,000 in Capital Net of Tenant Improvement Allowance........................................... page 1

Action 2 Resolution to Approve the Transaction Related to Virtua Health, Inc.’s Affiliate and the Investment in a Joint Venture with Regard to Leasing Radiation Oncology Equipment ....................................................... page 2

Action 3 Resolution to Authorize the Establishment and Incorporation of a New Taxable Corporation under the Control of the University Related to Creation of a Fixed Indemnity Insurance Product for the University of Pennsylvania Health System ........................................................................... page 5

Action 4 Resolution to Authorize Certain Loans to University Affiliated Entities ........................................................................................................ page 7

Adjournment
There being no further business to conduct, the meeting was adjourned at 1:36 p.m.

Respectfully submitted,

Leslie Laird Kruhly
Vice President and University Secretary