

## MINUTES OF THE ANNUAL MEETING OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF PITTSBURGH

June 26, 2020

The Annual Meeting of the Board of Trustees was held on Friday, June 26, 2020, at 10:30 a.m. Due to governmental restrictions in place due to the COVID-19 pandemic, the meeting was held remotely. Alumni, Commonwealth, and Term Trustees in attendance were Jane Bilewicz Allred, John A. Barbour, Eva Tansky Blum (Chairperson/Immediate Past Chairperson), Douglas M. Browning, Gary T. Brownlee, Mary Ellen Callahan, Louis R. Cestello, David C. Chavern, Vaughn S. Clagette, Jay Costa Jr., James P. Covert, Bradley J. Franc, Patrick Gallagher (Chancellor and Chief Executive Officer), Deborah J. Gillotti, Edward J. Grefenstette, Dawne S. Hickton, Diane P. Holder, Sy Holzer, Patricia D. Horoho, S. Jeffrey Kondis, Roberta A. Luxbacher, John A. Maher III, Larry J. Merlo, John H. Pelusi Jr., Thomas E. Richards (Chairperson-Elect/Chairperson of the Board), Keith S. Schaefer, Jack D. Smith, Thomas L. VanKirk, Peter C. Varischetti, John J. Verbanac, and Michael G. Wells. Ex Officio and Special Trustees in attendance were Robert O. Agbede, G. Nicholas Beckwith III, SaLisa L. Berrien, Sundaa A. Bridgett-Jones, Tamara M. Haddad, Robert M. Hernandez, David J. Morehouse, Marlee S. Myers, Herbert S. Shear, A. David Tilstone, Adam C. Walker, and Marna Cupp Whittington. Emeritus Trustees in attendance were Suzanne W. Broadhurst, D. Michael Fisher, J. Roger Glunt, Earl F. Hord, Alfred L. Moyé, Charles M. Steiner, and Burton M. Tansky. University Officers in attendance included Ann E. Cudd, Kathy W. Humphrey, Paul Lawrence, Rob A. Rutenbar, Narahari Sastry, Gregory G. Schuler, Anantha Shekhar, and Geovette Washington. Staff in attendance included Kenyon Bonner, Kristin Davitt, David N. DeJong, Kimberly L. Honath, Arthur S. Levine, Heather Lyke, Ellen Moran, Katie Pope, Amy E. Service, Charles Staresinic, Paul Supowitz, and Kevin Washo.

Eva Tansky Blum, Chairperson of the Board of Trustees, convened the meeting at which a quorum was present. In keeping with the Sunshine Act, the meeting was duly advertised as a public meeting.

**Welcome and Remarks of the Chairperson.** Chairperson Blum welcomed the Trustees to the meeting.

*Moment of Silence.* At the request of Chairperson Blum, the Trustees observed a moment of silence in memory of three former members of the Board.

- Steven C. Beering, M.D. Dr. After earning both his undergraduate and medical degrees from the University, Steven C. Beering led a long and distinguished career in the fields of medicine and academia, including serving as President and, later, President Emeritus of Purdue University. Following service as a Term Trustee from 2000-2008, Dr. Beering was elected to serve as an Emeritus Trustee, a title he held until he passed away in April 2020. In recognition of his professional accomplishments and contributions to the University, he was awarded an honorary doctorate at the University's 1998 Commencement exercises.
- Paul H. O'Neill. Former Trustee Paul H. O'Neill passed away in April of this year. He served as a member of the Board from 1988 until 1991. He came to Pittsburgh to serve as Chairman and Chief Executive Officer of Alcoa from 1987 until 2000. Under his

leadership, Alcoa tripled its revenues and gained recognition for making workplace safety a priority. Mr. O'Neill was awarded an honorary doctorate at the University's 2003 Commencement exercises.

- William Russell Robinson. The Honorable William Russell Robinson passed away in June 2020. He was elected to serve on the Pittsburgh City Council, the Pennsylvania House of Representatives, and the Allegheny County Council. Representative Robinson served as a Commonwealth Trustee on the Board from 1990 until 1998. During his time on the Board, Representative Robinson served on the Compensation Committee, the Health Sciences Committee, the Investment Committee, and the Student Affairs Committee.

*Approval of Minutes*. The minutes of the February 28, 2020, Winter Meeting of the Board of Trustees were approved.

*Resolution of Appreciation for Arthur S. Levine, MD*. Chairperson Blum announced that today would be the last Board meeting that would be attended by Dr. Arthur S. Levine, the immediate past Senior Vice Chancellor for the Health Sciences and John and Gertrude Petersen Dean of the School of Medicine. Chairperson Blum called upon Chancellor Patrick Gallagher to introduce a video tribute to Dr. Levine. Upon conclusion of the video, Chancellor Gallagher commended Dr. Levine for his service and introduced the Resolution of Appreciation, which was read by members of the Board in the following order: Jack D. Smith, Patricia D. Horoho, James P. Covert, John J. Verbanac, Deborah J. Gillotti, Vaughn S. Clagette, Larry J. Merlo, and John A. Barbour.

*Upon motion duly made and seconded, the Board of Trustees approved the Resolution of Appreciation for Arthur S. Levine, MD. A copy of the Resolution is included as pages 9 through 10 of these minutes.*

Dr. Levine expressed his appreciation to the Board for honoring him and allowing him to serve the University for the past 22 years.

*Remarks of the Chairperson*. Chairperson Blum acknowledged that today would be her last day of service chairing the Board. She thanked the Trustees for their support, counsel, and friendship over the past five years. In heartfelt remarks, Chairperson Blum reflected on her service during that time. Among the highlights she cited were:

- Participating in the search for and working with a new roster of senior University leadership, including the Senior Vice Chancellor and Chief Financial Officer, the Chief Investment Officer, the Senior Vice Chancellor and Chief Legal Officer, and the Senior Vice Chancellor for the Health Sciences and John and Gertrude Petersen Dean of the School of Medicine.
- Strengthening the Board by incorporating good governance practices, increasing the diversity of the Board, and broadening the professional experience and backgrounds of Board members.
- Making a number of changes to Board Committees, including: establishing a new committee to oversee and support research and innovation; opening up more opportunities for leadership; and ensuring that Committee members are engaged and able to perform their oversight responsibilities.

- Operating as a true partner with the University leadership by aligning the work of the Board with the University’s strategic plan, including establishing the School of Computing and Information and transforming the Titusville Campus into an education and research hub.
- Engaging with members of the University communities at its regional campuses by holding Board meetings at Pitt-Greensburg and Pitt-Johnstown.

Chairperson Blum noted that the University plays a central role in the economic development of Western Pennsylvania. Its regional campuses contribute to the economic vitality of home communities, while the research conducted at its Pittsburgh Campus imports millions of dollars in funding and talented professionals into the region. She added that the students at all of the University’s campuses add to the vitality of the regions and reminded the Trustees of their responsibility to those students and their families to ensure that they are prepared to lead successful lives after graduation.

Chairperson Blum noted that the education she received at the University changed her life. She thanked her brother and fellow Trustee Burt Tansky, her daughter Hannah and her son-in-law Will, and her husband, Norman for giving her the time and support to serve as Chairperson.

**Report of the Academic Affairs/Libraries Committee.** Douglas M. Browning, Chairperson of the Academic Affairs/Libraries Committee, reminded the Trustees that the Committee has been charged with the general oversight of matters pertaining to the faculty, including quality, standards of performance, and welfare. Mr. Browning stated that at a duly advertised public meeting held on June 25, 2020, the Committee reviewed a proposal recommended by the University Administration to amend Chapter II, Article VI of the Bylaws of the University of Pittsburgh, which governs full- and part-time non-tenure-stream faculty, including defining titles and ranks for those faculty members as set forth in Section 6.2. The proposed amendments would better reflect faculty roles and include:

- Changing the reference to “non-tenure stream” to “appointment stream faculty;”
- Including the prefix “teaching” to the list of titles; and
- Adding two additional ranks: (i) “Professor, associate professor, assistant professor, or instructor;” and (ii) “Professor, associate professor, assistant professor, or instructor of the practice.”

Mr. Browning stated that the Committee approved a resolution recommending that the Governance and Nominating Committee review the proposed amendments and consider endorsing the amendments for further action by the Board of Trustees.

**Report of the Investment Committee.** Edward J. Grefenstette, Chairperson of the Investment Committee, provided: (i) an update on the activities of the Investment Committee; (ii) information on the consolidated investment pool of the University’s Consolidated Endowment Fund (“CEF”); and (iii) an overview of the University’s approach to manage the CEF through the current economic turmoil resulting from the COVID-19 pandemic. He noted that the primary investment objective for the CEF is to generate a nominal return sufficient to cover the approved income distribution percentage plus inflation (as measured by the Higher Education Pricing Index) and administrative fees and expenses (which total approximately 6.9% for the trailing 10 years).

Mr. Grefenstette stated that on June 16, 2020, the Investment Committee held a duly advertised public meeting to approve two spending distribution rates for the CEF, both of which remain unchanged from Fiscal Year 2020: (i) the income percentage for Fiscal Year 2021 University's Operating Funds Quasi-Endowment, which is used to support student financial aid, will be 4.75% of the three-year average market value; and (ii) the distribution rate for the other funds in the CEF will be 4.25% of the three-year average market value.

Mr. Grefenstette advised the Board members that an information meeting held earlier in the day on June 16, 2020, Gregory Schuler, Chief Investment Officer, reviewed the investment performance of the CEF for the period ending March 31, 2020. Incorporating one-quarter lagged returns for the portfolio's illiquid investments, as of March 31, 2020, the CEF had a one-year return of -1.63% and a ten-year return of 6.99%. Mr. Grefenstette stressed that it is important to note that approximately 40% of the portfolio is in illiquid assets and the second quarter valuations of those investments will not be available until the fall.

Mr. Grefenstette noted that the University is working hard to navigate the CEF through the current recession by remaining focused on the long-term, while also addressing two key, near-term risks:

- **Market Drawdown Risk:** The CEF has been rebalanced three times during the recent market volatility, which is important to maintain proper long-term equity exposure. At the same time, certain fixed income exposure have been shifted from corporate credit and mortgages to U.S. Treasuries.
- **Liquidity Risk:** The University has focused on managing the liquidity of the CEF to ensure there is sufficient liquidity to fund annual University spending, while also satisfying capital calls for illiquid strategy commitments and maintaining sufficient capital to pursue new and attractive investment opportunities.

**Report of the Property and Facilities Committee.** Committee Chairperson John A. Barbour provided an overview of two actions taken by the Property and Facilities Committee at a public meeting held on June 25, 2020:

- ❖ **Sale of the UPMC Presbyterian D Wing to UPMC.** The University currently owns the "D Wing" property of UPMC Presbyterian Hospital and has leased the space to UPMC since 1990. UPMC desires to purchase the D Wing, as well as a nearby 14,000 square foot L-shaped parcel of land located along Victoria Street. The D Wing consists of a 22,000 square foot parcel of land including an 85,000 square foot, 13-story wing of UPMC Presbyterian Hospital. The Committee approved the sale of these properties at a combined price of \$18.74 million. This price was validated by an independent appraisal firm and was deemed fair and reasonable by the University.
- ❖ **Agreements for Supplemental Student Housing – Academic Year 2021.** In response to the COVID-19 pandemic – and in accordance with associated guidelines from the Commonwealth of Pennsylvania and the U.S. Centers for Disease Control and Prevention – the University intends to implement de-densification protocols for the coming academic year. These protocols will reduce available capacity in existing University-owned student housing facilities. In order to provide supplemental student housing capacity, the University desires to occupy rooms in multiple hotel properties in or near the Pittsburgh

Campus. The Committee authorized the administration to finalize and execute agreements for supplemental student housing for Academic Year 2021 at an estimated total cost of approximately \$22 million.

**Report of the Governance and Nominating Committee.** Committee Chairperson Louis R. Cestello reminded the Board that the Governance and Nominating Committee is charged with the responsibility of identifying, cultivating, and recommending candidates for election as Trustees of the University, as well as for filling other offices. The Committee met in executive sessions earlier this year where full discussions were held, but no actions were taken. At a duly advertised public meeting on June 5, 2020, the Governance and Nominating Committee endorsed the recommendations contained in the resolutions presented to the Board.

**Resolution Electing Emeritus Trustees of the University of Pittsburgh.** Mr. Cestello called the attention of the Board members to the Resolution recommending the election of former Trustees Robert P. Randall and Sam S. Zacharias as Emeritus Trustees of the University of Pittsburgh. A copy of the Resolution, including biographical statements is included as pages 11 through 13 of these minutes.

*Upon motion duly made and seconded, the Board of Trustees approved the Resolution Electing Emeritus Trustees of the University of Pittsburgh.*

Chairperson Blum stated that Messrs. Randall and Zacharias will be invited to the Fall Meeting of the Board to be held on September 25, 2020. She announced that she would be abstaining from voting for the next two portions of the meeting and asked Mr. Cestello, as Chairperson of the Governance and Nominating Committee, to chair the meeting.

**Background Statement for Resolution Re-electing and Electing Members of the Board of Trustees and Filling Other Offices.** Mr. Cestello introduced the Background Statement for Resolution Re-electing and Electing Members of the Board of Trustees and Filling Other Offices, which is included as page 14 of these minutes.

**Resolution Re-electing and Electing Trustees of the University of Pittsburgh.** The Resolution Re-electing and Electing Trustees of the University of Pittsburgh is included as pages 15 through 18 of these minutes. Mr. Cestello stated that the Governance and Nominating Committee endorsed the re-election of incumbent Trustees John A. Barbour, Eva Tansky Blum, Edward J. Grefenstette, Patricia D. Horoho, S. Jeffrey Kondis, Marlee S. Myers, John H. Pelusi Jr., and Marna Cupp Whittington.

In addition, the Committee endorsed the election of three candidates to serve on the Board: Lisa A. Golden, Emergency Medicine Physician at UPMC Altoona; John P. Gismondi, Founder and Owner of Gismondi and Associates; and Arthur Rooney II, President of the Pittsburgh Steelers. Biographical statements for Dr. Golden and Messrs. Gismondi and Rooney are included as pages xx through xx of these minutes.

Upon presentation of the Resolution Re-electing and Electing Members of the Board of Trustees, those candidates present for re-election announced their abstention from voting.

*Upon motion duly made and seconded, the Board of Trustees approved the Resolution Re-electing and Electing Trustees of the University of Pittsburgh.*

Following the vote, Mr. Cestello offered his congratulations to the Trustees who were elected or re-elected to the Board.

Resolution Electing University Directors for the UPMC Board of Directors. Mr. Cestello introduced the Resolution recommending the election of Trustees Eva Tansky Blum and Michael G. Wells as University Directors of the UPMC Board of Directors. The Resolution is included as page 19 of these minutes. Upon presentation of the Resolution, Mr. Wells announced that he would be joining Chairperson Blum in abstaining from voting.

*Upon motion duly made and seconded, the Board of Trustees approved the Resolution Electing University Directors for the UPMC Board of Directors.*

Following the vote, Chairperson Blum resumed chairing the meeting and thanked those Trustees whose service as Committee Chairs would conclude following the meeting: John H. Pelusi Jr., Chairperson of the Athletics Committee; John A. Maher III, Chairperson of the Audit Committee; Herbert S. Shear, Chairperson of the Budget Committee; and John A. Barbour, Chairperson of the Property and Facilities Committee. She also acknowledged those Trustees whose service on the Board would conclude as of today's meeting: Robert M. Hernandez; Shawndya L. Simpson; and Jack D. Smith.

Resolution Electing the Chairperson of the Board of Trustees. Mr. Cestello introduced the Resolution to elect Thomas E. Richards to serve as Chairperson of the Board of Trustees. The Resolution and a biographical statement of Mr. Richards is included as pages 20 through 21 of these minutes. Upon presentation of the Resolution, Mr. Richards announced that he would be abstaining from voting.

*Upon motion duly made and seconded, the Board of Trustees approved the Resolution electing the Chairperson of the Board of Trustees.*

Following the vote, Ms. Blum congratulated Mr. Richards on his election. Mr. Richards then began chairing the meeting. Before calling on Chancellor Gallagher to deliver his report, Chairperson Richards thanked Ms. Blum for her service and expressed his gratitude to her and the members of the Board for their support during what will be a challenging year for the University.

**Report of the Chancellor.** Chancellor Gallagher began his remarks by offering his congratulations to Mr. Richards on his election as Chairperson of the Board. He also expressed his gratitude to Ms. Blum for her service as Chairperson and the many contributions she has made to the University and the City of Pittsburgh. Chancellor Gallagher noted that Ms. Blum pushed the University administration and the Board to be more strategic in planning and to incorporate the University's strategic goals into the operations of the Board. He commended Ms. Blum for ensuring that the Board and the University remained focused on the University's mission and its students, for her contributions to making the University a more diverse and vibrant institution, and for supporting the University as it reshaped its financial aid programs to address access and affordability. Chancellor Gallagher noted that over the last five years, the University has grown in size, served as a leader in community engaged work, and expanded its global footprint.

Chancellor Gallagher also offered his thanks to the members of the Board for their support and for their work over the past year. He observed that the most recent Board Committee meetings have shared a common focus on the COVID-19 pandemic and questions around race and social justice.

COVID-19 Pandemic/Resiliency Steering Committee. Chancellor Gallagher announced that the University has established a Resiliency Steering Committee, chaired by Geovette Washington, Senior Vice Chancellor and Chief Legal Officer. The Committee will coordinate the University's planning activities to ensure that it can operate safely, maximize its mission in the face of the pandemic, and ensure the safety of both the University and larger community. Chancellor Gallagher noted that the University's affiliation with UPMC will ensure that its decision making is driven by the best medical advice. He also advised the Trustees that, in many respects, the University has been ahead of guidance offered by state and federal officials. Chancellor Gallagher observed that the University is also working on developing a social compact that emphasizes that individuals have a responsibility to protect the safety of others.

Race and Social Justice. Chancellor Gallagher stated that the nation is also confronting systemic racism, bias, and injustice. From an institutional perspective, the University is analyzing its own policies and systems that contribute to systemic racism and working to establish an inclusive, nurturing community. To do so, the University must commit to becoming an antiracist institution and directly confront policies that contribute to racism and inequality. This will touch all aspects of the University's culture, campus climate, and mission. Chancellor Gallagher called upon the Board members for their full support of the University's efforts to ensure that its vision and words are transformed into plans and actions and that resources are aligned with its efforts.

Chancellor Gallagher stated that the University – and the nation – are in a watershed moment as concurrent crises are confronted. However, the University cannot shift its focus to deal with one issue and neglect others. Rather, it must challenge fundamental assumptions and be clear about its principles and objectives. This may require shifting how risks are viewed, while remaining cognizant of the fact that the University community will need to tackle problems within the institution, the region, and society as a whole. Chancellor Gallagher noted that one thing that will not change, and which will become even more important, is the University's commitment to its central mission and the belief that a great university cannot shy away from tackling great problems.

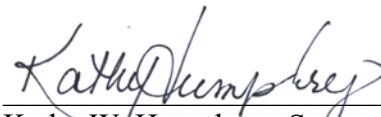
**Closing Remarks of the Chairperson.** Chairperson Richards stated that he would be appointing an Ad Hoc Committee of the Board to consider the matter of University's investments in fossil fuels. He reminded the Board that this action was contemplated in the Resolution Adopting a Socially Responsible Investing Screening Process ("the Process"), which was approved at the Winter Meeting of the Board held on February 28, 2020. In accordance with that Resolution, Chairperson Richards had consulted with Chancellor Gallagher and Ms. Blum, who agreed that the matter of the University's investments in fossil fuels has reached the threshold described in the Process. The Ad Hoc Committee will be chaired by Trustee Dawne S. Hickton, with additional Trustee appointments to follow. Chairperson Richards also advised the Board that a student member of the Fossil Fuel group had sent a letter urging the Board to divest from investments in fossil fuels. That letter will be provided to the Ad Hoc Committee.

**New Business.** Before adjourning the meeting, Chairperson Richards asked Chancellor Gallagher to introduce a video highlighting the extraordinary contributions of outgoing Chairperson Eva

Tansky Blum and the ways in which she worked to advance the University. Upon conclusion of the video, Chancellor Gallagher commended Ms. Blum for her service and introduced the Resolution of Appreciation, which was read by members of the Board in the following order: Marlee S. Myers, Louis R. Cestello, Keith S. Schaefer, Suzy Broadhurst, Herbert S. Shear, Douglas M. Browning, Sundaa A. Bridgett-Jones, and Burton M. Tansky.

*Upon motion duly made and seconded, the Board of Trustees approved the Resolution of Appreciation for Eva Tansky Blum. A copy of the Resolution is included as pages 22 through 23 of these minutes.*

**Adjournment.** There being no new business to come before the Trustees, Chairperson Richards adjourned the meeting.



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Kathy W. Humphrey, Secretary of the Board  
Trustees and Senior Vice Chancellor for  
Engagement