

273-1  
MINUTES OF MEETING  
**BOARD OF TRUSTEES**  
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A meeting of the Board of Trustees was held in Dean's Hall of the Penn Stater Conference Center Hotel, University Park, Pennsylvania, at 1:30 p.m. on September 20, 2013.

The following Trustees were present: Masser (chairman), Silvis (vice chairman), Alexander, Arnelle, Broadhurst, Brown, Casey, Clemens, Cotner, Dambly, Doran, Eckel, Erickson, Greig, Harpster, Hintz, Huber, Khoury, Lubert, Lubrano, McCombie, Myers, Oldsey, Strumpf, and Taliaferro.

Present by invitation were faculty representatives Kulikowich, Laman, and Yarnal; student representatives Alexander, Mullen, and Rager; Academic Leadership Council chair Dewey; committee staff representatives Droelle, Egolf, Hubler, Salvino, and Warner; staff members Andrews, Basso, DiRaimo, Dunham, Gray, Hall, Hanes, N. Jones, Kirsch, Mulroy-Degenhart, Pangborn, Paz, Poole, Sharkey, Sims and Weidemann; and Guadagnino. Also present by invitation was M. Frederic Volkmann, incoming Interim Vice President for Strategic Communications.

Chairman Masser's opening remarks are included as follows:

"Good afternoon and welcome.

"First, I want to recognize Penn State's outstanding showing in the *U.S. News and World Report* '2014 Best Colleges,' which Rod will describe in more detail during his report. We have been through two tough years, but Penn State's rise in rankings indicates that Penn State's reputation for academic excellence is strong and growing stronger. Students and families continue to recognize that Penn State provides an outstanding education, while preparing students to be leaders in their chosen fields.

"On behalf of the Board, I wish to recognize Rod's tireless efforts, along with the work of the academic and administrative leadership and the faculty and staff, for making this achievement possible. Congratulations on this well-deserved and long overdue recognition. [Applause]

"True to my agricultural roots, I had the pleasure of attending Ag Progress Days last month. As both a farmer and a Trustee chair, I found the activities and research showcased to be engaging and innovative. I was also pleased to see several excellent articles in the *Centre Daily Times* and other outlets that recounted some of the exciting research at Ag Progress Days. I realize that this three-day showcase is a monumental event to execute, but the positive impact on the agricultural industry is unrivaled and greatly appreciated. I hope to see more of you there next year.

"I also want to call your attention to Penn State's progress in meeting the Freeh recommendations. Earlier this month, Senator George Mitchell, the independent, third-party athletics integrity monitor for Penn State, reported that the University has substantially completed the initial implementation of all of the Freeh recommendations and all of its annual obligations under the Athletics Integrity Agreement. This has been a massive undertaking that has required the cooperation and collaboration of all parts of the University community. I'm proud of the diligence and focused efforts that have led to this point, and I feel very optimistic about Penn State's future.

"Karen Peetz is not here today to provide an update on the presidential search, but by all accounts it is moving forward with great promise. There are regular updates posted on the presidential search website, [www.presidentialsearch.psu.edu](http://www.presidentialsearch.psu.edu) and I encourage you to check there for the latest news and updates.

"I would now like to welcome two new stakeholder colleagues. Jeremy Warner began his appointment as chair of the University Staff Advisory Council on August 1<sup>st</sup>. Jeremy is the Security and Facility Manager for the Palmer Museum of Art. And Barbara Dewey, Dean of the University Libraries and Scholarly Communications, succeeds Dave Hall as chair of the Academic Leadership Council. [Applause]

"At our July meeting, the Board recognized three individuals who were finishing their experience in the University's Administrative Fellows Program, and today I would also like to welcome and recognize the new 2013-2014 Administrative Fellows. Doris Lee, professor in the training and development program at Penn State Harrisburg will be spending the upcoming year with Rob Pangborn. [Applause] Hal Paz will be serving as mentor for Raffy Luquis, associate professor in health education in the School of Behavioral Sciences and Education at Penn State Harrisburg. [Applause] And, Jennifer Wilkes, director of human resources for Auxiliary and Business Services will be spending the upcoming year with Madlyn Hanes. [Applause]

"While not able to be with us today, we look forward to Carolyn Dumaresq joining the Board. Dr. Dumaresq has been serving as the Pennsylvania Department of Education's executive deputy secretary, and in August was named as Acting Director of the Department of Education. She is a former superintendent at Central Dauphin and Steelton-Highspire school districts and also served as the executive director of the Pennsylvania State Education Association."

The roll was called by Janine Andrews, Associate Secretary of the Board. Following the roll call, the Board voted to approve the minutes of the meeting of the Board held on July 12, 2013.

### **President's Report**

Dr. Erickson's report is included as follows:

"Good afternoon and welcome. For those of you who have visited Old Main during the restoration of the Land-Grant Frescoes, you are well aware that it has been less than picture perfect. But last week, they began to unveil the frescos and the change is transformative. Although we have a good deal of business to cover today, I wanted to begin by sharing a few fun facts about the frescoes.

"In the spring of 1949, Stuart Frost was a Penn State undergraduate studying fine arts. At the time, renowned muralist Henry Varnum Poor was continuing the work he began in 1940 to complete the extensive Land-Grant Frescoes in the lobby of Old Main. Stuart was helping him with plastering and trips to the hardware store.

"Stuart had applied plaster one evening and arrived early the next morning to check if the dampness was right for the artist to begin painting. Henry was already there, and what Stuart saw looking down at him was his own portrait captured in the face of a man holding the rein on an Angus bull. Henry used other familiar faces as well. In the Lincoln fresco, the yellow lab under the table is Henry's dog, and the artist himself can be seen leaning on a stick in the group to the left of Lincoln.

"I encourage you to stop by and see these Penn State treasures, which began with a significant financial contribution from the Class of 1932. Subsequent classes added to the funds, and this careful restoration will allow the entire mural to be enjoyed for generations to come.

"Now on to the business of the day. First, I'm pleased to announce that we named Max Fredric Volkmann the Interim Vice President of Strategic Communications effective October 1<sup>st</sup>. Fred had a storied career at Washington University in St. Louis,

where he served as vice chancellor for Public Affairs for thirty-one years. During his career, he advanced the entire field of public affairs through his adoption of cutting-edge communications, innovative media strategies, and talent for great content. He retired in 2011, but we were able to persuade him to share his expertise, while we conduct a national search to permanently fill the position. Fred, could you please stand a moment so you can be recognized? [Applause]

"Thank you, and please join me in thanking Cindy Hall for her outstanding leadership over the last year. She has done an excellent job, and will be working closely with Fred in her role as associate vice president of University Relations. [Applause]

"I also want to take a moment to recognize Julie Del Giorno, who serves as our Athletics Integrity Officer. Earlier this week Julie was inducted into the U.S. Military Athletic Academy Hall of Fame in recognition of her outstanding record as a basketball player, and her ability to embody the Academy's 'mission of leadership.' This is a great honor for Julie, and one that she attributes to 'teamwork, having goals and pushing through limits.' Julie, can you please stand to be recognized? [Applause]

"Congratulations, we're pleased you're on our team now!

"As Keith mentioned, Penn State has seen a dramatic and unprecedented rise in the rankings in *U.S. News & World Report's* '2014 Best Colleges Rankings.' Penn State now ranks number eight among all public universities – up five places from last year. In the overall "National Universities" category, Penn State has risen to number 37 overall, up nine places from last year. Penn State ranks number two in the Big Ten.

"Although it is reasonable to have some skepticism about rankings, it was refreshing to see that this year the rankings relied more heavily on measures of faculty research and academic excellence in a full range of undergraduate majors, plus master's and Ph.D. programs - all areas where Penn State excels. In addition, student outcome measures, such as retention and graduation rates, were weighted more heavily than inputs, and that contributed significantly to Penn State's rise in the rankings. That is something we can all be proud of and a credit to Penn State's dedicated faculty and staff members. Their commitment to excellence in everything they do makes this possible. I'd like to ask all of the faculty and staff members in the audience to stand to be recognized. [Applause]

"Thank you for representing your many colleagues across the university.

"The high rankings are also a reflection of our outstanding student body – and they are outstanding. We won't have the final numbers for the incoming class until later this fall, but we're fairly confident that our final new baccalaureate enrollment across Penn State will show about a 700 student increase compared to last year, close to equally split between University Park and the Commonwealth Campuses. Total on-campus enrollment—undergraduate, graduate, and professional—should be very similar to last year's total when we take the official fall headcount at the end of the sixth week of the fall semester. I should add that World Campus enrollments continue to rise year-after-year.

"This is also the time of year when we start to hear from ambitious students aspiring to be in next year's freshman class. When our application window opened on September 1<sup>st</sup>, about a thousand students immediately pushed the send button so they could be among the first applicants. To date, we have nearly 4,000 baccalaureate applications. Although it's obviously very early in the new admissions cycle, our applications are running ahead of last year at this time, and it looks like it will be a very typical year. I will keep you updated as the admissions season progresses.

"Now I would like to turn your attention to some of the exceptional students who are currently attending Penn State, and are with us at this meeting. The students are the inaugural group in the Millennium Scholars program. This highly selective program is modeled after one at the University of Maryland, Baltimore County, that has been in existence for 25 years and has a 93 percent success rate in sending students on to graduate or professional school. This year, the University of North Carolina at Chapel Hill and Penn State University Park are piloting similar programs. There are twenty students in Penn State's inaugural group, and all are freshman science and engineering majors.

"The cohort is 62 percent under-represented minorities; half men, half women; the students were selected based on their aspirations to obtain a PhD in science or engineering, interviews, high school GPA, math SAT scores, and a commitment to increasing the diversity of researchers in STEM fields; the majority of the students are from Pennsylvania, but they hail from as far away as Fort Lauderdale and Dallas; after completing a six-week summer academic boot camp, which included theoretical calculus, the lowest overall GPA earned was 3.81. Will the Millennium Scholars now stand as a group so we can recognize you? [Applause]

"Thank you; there are a lot of folks in this room who would have liked to have your GPA!

"The research underway at Penn State is visionary, and this was affirmed this week with the receipt of a \$10 million award -- focused on computer vision. The project, led by Professor Vijay Narayanan, received an Expeditions in Computing award from the National Science Foundation. This award will provide \$10 million in total funding over five years and represents the largest individual investments in computer science research that the National Science Foundation makes. Dr. Narayanan will be working with collaborators from several universities on the project titled 'Visual Cortex on Silicon.' It aims to improve the holistic design of machine vision systems that will approach or exceed the capabilities of human vision. It could have a profound impact on society, leading to aids for visually impaired persons, driver assistance capabilities for reducing automotive accidents, and other augmented reality systems.

"Yesterday, we learned that Penn State's College of Medicine is one of fourteen institutions nationwide named a Tobacco Center for Regulatory Science. Funded by a \$20 million, five-year grant from the U.S. Food and Drug Administration and National Institutes of Health, the new center will provide the research foundation for the FDA to develop new and effective regulatory strategies for reducing the harm to health from tobacco products in the United States. Joshua Muscat and Jonathan Foulds, both professors of public health sciences at the College of Medicine, are the directors of the new center. They will collaborate with colleagues from University Park and several other universities. The research has the potential to make a real difference to public health in this country, while also training young scientists in the emerging field of tobacco regulatory science. I'd just like to add that I received about ten minutes ago, a note that three of our professors from the department of Computer Science and Engineering just received notice that they have gotten a \$30 million, ten-year award from the U.S. Army in a collaborative research program on cyber-security. These faculty members are professors Patrick McDaniel, Tom La Porta, and Trent Jaeger, again all from the department of Computer Science and Engineering, the only award of its kind in the U.S. Congratulations to all of the awardees. [Applause]

"It was evident that employers value these types of research and training opportunities during our Fall Career Days, held this week. The turn-out was excellent, with more than 500 employers attending the three-day long event that drew thousands of students. Many resumes changed hands, bringing our students one step closer to future

success. We're very pleased so many students and employers take advantage of the opportunity to meet on our campus.

"We're also encouraged by the fact that many prominent employers are targeting Penn State as one of their top tier schools for recruitment. For example, Penn State DuBois Information Sciences and Technology student Jessica Noland had an internship with Google this summer, at the internet giant's Pittsburgh office. What's more, Jessica didn't apply for the internship in the conventional way, but was contacted by a Google recruiter. It was a one-of-a-kind opportunity for Jessica to intern with one of the most world-renowned companies in her field.

"On September 25<sup>th</sup>, Penn State will host the second annual Conference on Child Maltreatment with the PA Department of Public Welfare and the PA Commission on Crime and Delinquency. The conference will bring together district attorneys, children and youth service administrators, and law enforcement officials, as well as Penn State faculty, to learn about and expand the development of child advocacy centers, a core resource in efforts to combat child maltreatment. Although registration is limited to the aforementioned groups, the event will be live-streamed at the HUB Auditorium and online.

"Penn State students are also continuing their efforts to fight child abuse. Tomorrow, the group, One Heart, will sponsor the third annual Blue-Out at Beaver Stadium with proceeds going to the Pennsylvania Coalition Against Rape's Vision of Hope program. During the last two years, the student group raised more than \$126,000. On Wednesday, a second student group will sponsor a Walk for Prevention to be held on campus with proceeds directed to the Darkness to Light training program educating our communities about the prevention of child abuse.

"In addition to the Blue-Out, tomorrow will be the All "U" day, when we celebrate our Commonwealth Campuses with a special recognition at halftime. Two students from each Penn State campus will carry their campus banner onto the field. It's always a great day, and one that recognizes the 40,000 plus students who attend our Commonwealth Campuses each year.

"Looking ahead, planning is underway for the Croke Park Classic, which will be held next year in Dublin, Ireland. I had the opportunity to spend time with the Irish delegation, along with the group from the University of Central Florida, when they were here last week. I'm excited by our common desire to make this a fun and educational trip for our student-athletes, and to use it to leverage our study-abroad programs. We already have strong relationships with the outstanding colleges and universities in Ireland, and this event will only serve to highlight the value of study-abroad options.

"I know many of you are looking forward to the opening of the Pegula Ice Arena, which will be held on October 11<sup>th</sup>. In addition to providing the finest facility of its kind for our student-athletes and fans, I want to emphasize the economic impact it will have on the community. It will help Penn State draw additional revenue events, and provide a venue for statewide tournaments and sporting competitions. In addition, it will be available for commencement ceremonies and other University events. All in all, it will be a busy, beautiful, and valuable addition to our campus physical plant.

"Moving on to development.

"Even as we approach the final months of *For the Future: The Campaign for Penn State Students*, we are taking a hard look at how we can be even more effective and efficient at raising support in the future.

"We invited the leading firm, Grenzbach Glier and Associates, to perform an organizational analysis of our structure, philanthropic metrics, and "cost/yield" performance as benchmarked against our peer institutions. From that assessment, we're beginning to plan for new investments, strategies, and program initiatives. What's emerging is a roadmap that will position Penn State to continue to serve our constituencies far into future.

"At lunch today I had the privilege of recognizing David and Ann Hawk as the 2013 Fundraising Volunteers of the Year. This award recognizes those who have served as fundraising volunteers, teachers or mentors, while demonstrating exceptional commitment and leadership in developing voluntary support for Penn State. David and Ann have done all that and more. David earned his bachelor's degree in Business Administration from Penn State, and Ann earned her bachelor's degree in Individual and Family Studies. David is chairman of the board and director of research for Gertrude Hawk Chocolates, which is one of the most popular companies among my staff. Ann is a certified Rosen Method Bodywork practitioner. David and Ann met as students at Penn State Worthington Scranton and have been strong supporters of the campus, as well as active volunteers. We were very pleased to honor them in this way.

"Since I began my remarks with the restoration of the land-grant frescos, one of the earliest class gifts, I'll end with another class gift story. Last Friday we dedicated the 2012 Senior Class Gift, which was the restoration of the Nittany Lion Shrine. The Shrine was originally the gift of the Class of 1940. The restoration provides a majestic platform for the Nittany Lion, and careful landscaping and better lighting enhance the accessibility, safety and beauty of the area. I encourage you to stop by for a photo. I've been told the Lion is the second most photographed site in Pennsylvania, only surpassed by the Liberty Bell. With your help, perhaps we can take number one.

"Now I'll be happy to take your questions."

President Erickson received no questions or comments.

### **Public Comment**

Five speakers were present to share their views and visions for the enhancement of Penn State:

Brian Masella, a Penn State alumnus, presented a request to the Board to rebuild the wall at Beaver Stadium which honored Nittany Lion letterman, and spoke about the need for enhanced Board communication with the Alumni, and timely responses to queries.

Faculty member Maria Truglio, and President of the PSU Chapter of the American Association of University Professors (AAUP), Brian Curran, spoke about the University's wellness initiative and the need for the inclusion of a broad constituency to review future changes to the policy and other governance concerns. Senior Vice President for Finance and Business, David Gray, responded to these comments, and indicated that a task force, comprised of key stakeholders and constituencies would assist in future reviews.

Peg Stine, a current student, reflected upon her experience as an affiliate of Penn State, and the need for University governance restructuring.

Alumnus Robert Jubelirer referenced Senator Wagner's report, and presented opinions about University governance structure, compliance with the Sunshine Law, and transparency. Keith Eckel, chair of the Board's Committee on Governance and Long-Range Planning responded, citing changes that have already occurred in the governance structure of the Board and plans to address future reforms through the assistance of a consultant.

Penn State alumnus, Justin Cortez, spoke about division in the University community and the need for focus on academic excellence, and forward movement as a cohesive group.

### **Reports from Standing Committees**

Chairman Masser advised that standing Committees met in public session on Thursday, September 19, 2013, to consider any information or action items to come before the board today. Any action item considered and voted on in the Committee was included in reports by the respective Committee chairs. The full Board was asked to consider committee recommendations at the conclusion of each report.

#### **A. Committee on Academic Affairs and Student Life**

The Committee on Academic Affairs and Student Life recommended that the Board of Trustees approve the following resolutions:

1. RESOLVED, That the Department of Bioengineering in the College of Engineering be renamed to the Department of Biomedical Engineering effective September 20, 2013.
2. RESOLVED, That the Asian Studies Program in the College of the Liberal Arts be renamed to Department of Asian Studies effective September 20, 2013.
3. RESOLVED, That the School of Nursing be renamed to the College of Nursing effective September 20, 2013.

The Board voted to approve the action items as recommended by the Committee on Academic Affairs and Student Life.

Chair Broadhurst reported that the Committee received presentations from Madlyn Hanes, Vice President for Commonwealth Campuses and several campus chancellors, focusing on strategic investment initiatives and collaboration among several of our campuses. The Committee also received reports from a panel of experts regarding sexual assault and Title IX, what gaps and concerns remain for the University. A presentation by the engaged scholarship team on the trustee engaged scholarship award concept was also presented to the Committee.

Chair Broadhurst also reported that the Committee had the opportunity to tour the recently renovated South Halls. The work on South Halls has marked the largest housing project since Eastview Terrace and was heavily influenced by student feedback.

#### **B. Committee on Audit and Risk**

Vice Chair Strumpf reported that the Committee received an update on the status of the e-terminal financial statement audit for fiscal year ending June 30, 2013, and also discussed the internal audit update from University Director of the Office of Internal Audit, Dan Heist. The update included a summary of audit reports and follow up. Additionally, Vice Chair Strumpf reported that the Committee held a joint meeting with the Committee on Legal and Compliance; topics included a review and assignment of risks. Regis Becker, Director of University Ethics and Compliance provided the Committees with an update on the culture and value survey, and the University Hotline.

There were no actionable items presented to the Board.

**C. Committee on Finance, Business and Capital Planning**

Chair Dambly reported that the Committee received presentations and information on site facilities, benchmarking, investment council operations and investment policy, ISSR project background information, a review of intercollegiate financing and budget planning, and a task force report update.

The Committee on Finance, Business and Capital Planning recommended that the Board of Trustees approve the following resolutions:

1. RESOLVED, That the conditions governing certain existing scholarships, fellowships, awards, and similar funds previously established at the University be revoked and that the Officers of the University are authorized to put into effect the revised regulations as requested by the donors.

2. RESOLVED, That the Board of Trustees gratefully acknowledges the generous contributions of the many friends of the University in support of endowments, funds, and other major commitments as reported to the Committee on Finance, Business, and Capital Planning at its meeting of September 19, 2013.

FURTHER BE IT RESOLVED, That the Officers of the University are authorized to convey the Board's appreciation to these generous benefactors who provide opportunities for many students to receive a quality education.

3. RESOLVED, That Carmen Gigliotti, Colleen Ostrowski, and Linda B. Strumpf, non-University employees, are appointed to the Penn State Investment Council for terms ending in 2016.

4. RESOLVED, That Joseph B. Markovich, non-University employee, is appointed to the Penn State Investment Council for a term ending in 2015.

5. RESOLVED, That the current leases in 101 and 103 Innovation Boulevard with PSRP Developers, Inc., totaling 31,891 square feet at a current annual cost of \$787,338 are hereby ratified.

FURTHER BE IT RESOLVED, that the proposed lease in 101 Innovation Boulevard with PSRP Developers, Inc. for 4,196 square feet at an initial annual cost of \$106,578 is hereby approved.

6. RESOLVED, That the Officers of the University are authorized to submit to the Legislature, appropriate departments, and offices of the Commonwealth of Pennsylvania, a State Appropriation Request for fiscal year 2014-2015 in the amount of \$299,685,000.

7. WHEREAS, the University and its affiliated organization, The Milton S. Hershey Medical Center (the "Medical Center"), have studied their capital needs and plan to make capital expenditures for projects of the University and the Medical Center included or to be included as part of the capital improvement programs of the University and the Medical Center and consisting of, among other things, land and interests in land, land improvements, buildings, infrastructure, building improvements, renovations, fixtures, equipment, furnishings, information technology assets, and other capital assets and projects serving University or Medical Center purposes at various locations (collectively, the "Projects"), or to reimburse their other funds for capital expenditures previously made in respect of the Projects, in an amount approximately equal to

Seven Hundred Fifty Million (\$750,000,000) Dollars during the period until June 30, 2018; and

WHEREAS, the University may be required to provide its guaranty of obligations issued by the Medical Center for the payment of costs of capital projects of the Medical Center; and

WHEREAS, it is in the financial interests of the University and the Medical Center to pay for depreciable assets over a period which does not exceed the useful lives of such depreciable assets or such longer period as is permitted by Federal tax law; and

WHEREAS, depending on the stage of development of the Projects, it may be in the financial interests of the University and the Medical Center to incur obligations for the payment of the cost of the Projects at one time or in part from time to time; and

WHEREAS, the specific timing of University borrowing or guarantees by the University of indebtedness of the Medical Center in light of trends in the financial markets can make a significant difference to the University, the Medical Center and their constituents in the cost of borrowing for capital projects; and

WHEREAS, the decisions as to price, timing, interest rates, terms, serialization and tax exempt or taxable status of such borrowing of the University and the form of any guarantees by the University of indebtedness of the Medical Center can be made by the officers of the University in a more flexible, timely and efficient fashion than would be the case if it were necessary to postpone a financing until the next scheduled meeting of the University's Board of Trustees; and

WHEREAS, it may be advantageous to refund or otherwise refinance certain outstanding obligations of the University from time to time or, prior to, concurrently with or subsequent to the issuance of obligations of the University, to enter into agreements relating to bond insurance, letters of credit or other credit or liquidity facilities (collectively, "Credit Enhancement") or agreements relating to interest rate swaps or other forms of interest rate hedge or similar agreements associated with such obligations (collectively, "Hedge Agreements") and such decisions can be made by the officers of the University in a more flexible, timely and efficient fashion than would be the case if it were necessary to postpone such actions until the next scheduled meeting of the Board of Trustees; and

WHEREAS, the University may from time to time issue its obligations directly or indirectly through other qualified governmental entities, and rate subsidies or other benefits may be available if the University's obligations are issued through certain Commonwealth of Pennsylvania public authorities and the proceeds of such obligations are loaned by the issuing public authorities to the University or to the Medical Center (with such loans to the Medical Center guaranteed by the University, if appropriate), and decisions regarding the form of such obligations and borrowing can be made by the officers of the University in a more flexible, timely and efficient fashion than would be the case if it were necessary to postpone such actions until the next scheduled meeting of the Board of Trustees.

NOW THEREFORE, BE IT RESOLVED that the Board of Trustees of the University acknowledges that decisions regarding the form of University

obligations and borrowing of the University and as to the other aspects of such obligations and borrowing described in the recitals to these resolutions may be most effectively made from time to time by officers of the University as hereafter described and that, for purposes of these resolutions, the term "officers of the University" shall mean the persons holding the positions of the President, the Senior Vice President for Finance and Business/Treasurer, the Associate Vice President for Finance and Corporate Controller, or any two of them, acting from time to time pursuant to the authority granted by these resolutions.

FURTHER RESOLVED, that officers of the University are authorized to cause the University (1) to borrow, through the issuance of bonds, notes, leases, installment sale agreements or other forms of debt obligations, including as part of a line of credit or other credit facility, in one or more series or sub-series, fixed rate or variable rate, taxable or tax-exempt, secured or unsecured, senior or subordinate, in a single issuance or from time to time, and (2) to guaranty or become surety for indebtedness of the Medical Center, in an aggregate principal amount not to exceed Seven Hundred Fifty Million Dollars (\$750,000,000) (collectively, the "Obligations"), with such Obligations to be issued and sold at such price in a competitive, negotiated or invited sale and to be of such tenor and otherwise to contain or have the benefit of such terms and provisions, including, without limitation, provisions for redemption or mandatory or optional tender for purchase, maturity, collateral security, covenants, representations and warranties and events of default, as the officers of the University shall deem to be necessary or appropriate to the University.

FURTHER RESOLVED, that the officers of the University are authorized to execute, in the name and on behalf of the University, agreements, contracts and instruments of every nature and description which are necessary or appropriate to accomplish the foregoing or in connection with the issuance of the Obligations, including without limitation securities disclosure documents, trust indentures, mortgages, deeds of trust, security and pledge agreements, guarantees, loan agreements, bond purchase agreements, letter of credit reimbursement agreements, issuing and paying agency agreements, dealer agreements, refunding escrow agreements, leases, installment sale agreements, interest rate management agreements, investment contracts, tax compliance agreements and other agreements and documents of every nature and description that are necessary or appropriate to accomplish the foregoing or in connection with the issuance and delivery of the Obligations.

FURTHER RESOLVED, that the officers of the University are authorized to cause the Obligations to be issued directly by the University and also by and through any appropriate public authorities of the Commonwealth of Pennsylvania having jurisdiction, including, without limitation, The Pennsylvania Higher Educational Facilities Authority and the Centre County Higher Education Authority, with the proceeds of such indebtedness of such public authorities being loaned to the University, or to the Medical Center, as the case may be.

FURTHER RESOLVED, that the officers of the University are authorized to refund or otherwise refinance the Obligations and other outstanding indebtedness of the University from time to time and, prior to, concurrently with or subsequent to the issuance of indebtedness of the University, to execute any agreements (including any amendments or supplements thereto or thereof) which are required in connection with Credit Enhancement or Hedge Agreements, all on such terms and conditions as the officers of the University shall deem necessary or appropriate.

FURTHER RESOLVED, that it is hereby declared to be the official intent of the University, as referred to in Section 1.150-2 of the Treasury Regulations promulgated under the Internal Revenue Code of 1986, as amended ("Code"), that the University be reimbursed from the proceeds of the Obligations authorized hereby in a maximum principal amount of \$750,000,000 for expenditures for or in respect of the Projects paid from other available funds of the University on or after the date which is sixty days prior to the effective date of these resolutions (except for certain expenditures which are not subject to such time limitation under U.S. Treasury Regulation §1.150-2), provided that the issuance of the Obligations providing such reimbursement in any particular case occurs not later than eighteen months after the latest of (i) the date on which the earliest expenditure subject to U.S. Treasury Regulation §1.150-2 is paid, (ii) the date on which the particular Project is placed in service or abandoned, but in no event more than three years after the earliest expenditure is paid, or (iii) the date otherwise permitted by the Code or U.S. Treasury Regulations promulgated thereunder and, in implementation hereof, the officers of the University may approve specific capital expenditures to be reimbursed from the proceeds of Obligations later to be issued, and the funds from which such capital expenditures shall be paid, as required by the said Treasury Regulations.

FURTHER RESOLVED, that the borrowing of the University or guarantees of indebtedness of the Medical Center under these resolutions, shall be limited to capital projects approved by the University's Board of Trustees prior to June 30, 2018.

FURTHER RESOLVED, that the authority to borrow of the University or the Medical Center for refunding or refinancing existing indebtedness of the University or the Medical Center shall not be limited in principal amount by this resolution and shall not be taken into account when calculating the \$750,000,000 amount of indebtedness authorized by this resolution.

FURTHER RESOLVED, that the officers of the University are hereby authorized and directed to execute and deliver such other agreements and documents and to take such other action as may be necessary or appropriate in order to effectuate the foregoing resolutions.

8. RESOLVED, That in view of the special nature of this project, the interview process has been conducted by the University's Office of Physical Plant.

FURTHER BE IT RESOLVED, That the Officers of the University are authorized to employ the firm of IDC Architects of Pittsburgh, Pennsylvania as architects for the Data Centers at University Park and The Milton S. Hershey Medical Center.

9. RESOLVED, That the final plans for the Centralized Biological Laboratory Cagewash Addition, as designed by the firm of Payette Associates of Boston, Massachusetts, are approved.

FURTHER BE IT RESOLVED, That authorization to award contracts to construct the project be approved at a cost of \$5,400,000.

10. WHEREAS, The Board of Trustees at its May 2012 meeting approved the sale of a 15.26 acre parcel and an adjoining 25.13 acre parcel, being Lots 3 and 4 in the Penn State University Whitehall Road 6 Lot Final Subdivision Plan, located in Ferguson Township, Centre County, Pennsylvania, to Springton

Pointe, LP, a Pennsylvania Limited Partnership, which is a wholly owned subsidiary of Toll Bros., Inc. for \$13,500,000.

WHEREAS, Toll Bros., Inc. has since indicated the need for an additional 5.5 acres adjoining Lots 3 and 4, to accommodate storm water facilities to fully develop the site and justify the current sale's price.

RESOLVED, That Board of Trustees approves the addition of 5.5 acres to the existing Agreement of Sale for a 15.26 acre parcel and an adjoining 25.13 acre parcel, being Lots 3 and 4 in the Penn State University Whitehall Road 6 Lot Final Subdivision Plan, for a total of 45.89 acres, located in Ferguson Township, Centre County, Pennsylvania, to Springton Pointe, LP, a Pennsylvania Limited Partnership, which is a wholly owned subsidiary of Toll Bros., Inc. for \$13,500,000.

BE IT FURTHER RESOLVED, That the Officers of the University are authorized and directed to take such steps as are necessary to make effective this resolution.

Chair Dambly noted that Trustee Strumpf, a member of the Penn State Investment Council, recused herself from both Committee and Board deliberations and approval of Action Items 5.C.3. and 5.C.4.

Chair Dambly noted that Trustee Lubert, citing a potential conflict of interest, recused himself from Board deliberations and approval of Action Item 5.C.5. Prior to voting on the resolution, Chairman Masser advised the Board that their approval of the resolution carries with it the Board's agreement that the proposed transaction is in the University's best interests and that the price and value provided are fair and reasonable to the University.

Trustee Peetz was not present for either Committee or full Board deliberations related to the approval of Action Item 5.C.10. Chair Dambly noted that Trustee Peetz disclosed facts recording her relationship with Toll Brothers; the Committee has determined that Trustee Peetz has no conflict of interest in the matter under policies set forth in the University *Bylaws*. Trustee Peetz is an officer and employee of The Bank of New York Mellon Corporation. BNY Mellon, through one of the investment management subsidiaries, holds Toll Brothers common stock. Mellon does not own any shares of Toll Brothers.

The Committee received the following items for information:

1. Cyber Health Initiative at Millennium Science Complex, University Park
2. Residence Hall Surveillance Cameras, University Park
3. Theatre Building Mechanical Upgrades, University Park
4. Naming of Rooms, Portions of Buildings, and Plazas
  - a. Name the Seminar and Art Study Room/Print Area (Room 202), Palmer Museum of Art, in recognition of gifts-in-kind received from Drs. Albert and Lorraine Kligman. The recognition plaque should read: *Print and Drawing Study Room In recognition of Drs. Albert and Lorraine Kligman*
  - b. Name the Hydrotherapy area, Pegula Ice Arena, in recognition of a commitment from Joe and Sandy DeLauter. The recognition plaque should read: *Joe and Sandy DeLauter in Memory of Lettie DeLauter Hydrotherapy*

- c. Name the Men's Director of Operations Office, Pegula Ice Arena, in recognition of a commitment from Ira Kleinman. The recognition plaque should read: *Kleinman Family Men's Director of Operations Office*
  - d. Name the Assistant General Manager's office, Pegula Ice Arena, in recognition of a commitment from Regina Izzo. The recognition plaque should read: *Regina A. Izzo Assistant General Manager's Office*
  - e. Name the Press Suite, Pegula Ice Arena, in recognition of a commitment from Erick Goldberg. The recognition plaque should read: *The Nelson L. Goldberg Press Suite*
  - f. Name the Equipment Manager's Office, Pegula Ice Arena, in recognition of a commitment from Ryan and Stacy Givens. The recognition plaque should read: *Ryan and Stacy Givens Equipment Manager's Office*
  - g. Name the Athletic Administrator's Office, Pegula Ice Arena, in recognition of a commitment from Clifford Coldren. The recognition plaque should read: *Brookline Athletic Administrator's Office*
  - h. Name the Visiting Coaches Booth, Pegula Ice Arena, in recognition of a commitment from George and Ann Strachan. The recognition plaque should read: *George and Ann Strachan Visiting Coaches Booth*
  - i. Name the Shooting Gallery, Pegula Ice Arena, in recognition of a commitment from Richard and Sharon Dandrea. The recognition plaque should read: *Dandrea Family Shooting Gallery*
  - j. Revise the text of the recognition plaque of the Men's Ice Hockey Head Coach's Office, Pegula Ice Arena, named by John and Karen Davis in honor of Joe Battista. The revised plaque should read: *In honor of Coach Joe Battista Penn State Hockey Head Coach's Office*
  - k. Name the Graduate Assistant's Office (Room 225), Lasch Football Building, in recognition of a commitment from Howie and Pam Haldeman. The recognition plaque should read: *Haldeman Family Graduate Assistant's Office*
  - l. Name an Academic Graduate Assistant's Office (Room 126), Lasch Football Building, in recognition of a commitment from Robert W. Boarman. The recognition plaque should read: *Robert W. Boarman Academic Graduate Assistant's Office*
5. Status of Major Construction Programs and Borrowing
  6. Capital Budget Request for Fiscal Year 2014-2015
  7. Summary and Designation of Gifts Received by the University
  8. Investment Review of Endowment and Similar Funds as of June 30, 2013
  9. A photo report on the progress of selected construction projects including: 1) Main Building, Penn State Brandywine; 2) Moore Building and Cedar Building renovations, University Park; 3) Eva J. Pell Laboratory for Advanced Biological Research, University Park; 4) South Halls renovations, Phase 1, University Park; and 5) the Nittany Lion Shrine landscaping improvements and enhancements, University Park.

**D. Committee on Governance and Long Range Planning**

Chair Eckel reported that since the last meeting the Committee has discussed the establishment of a compensation committee and the bylaw changes necessary to establish the committee. The Committee also discussed information flow among Trustees and administration, and attendance at public hearings. Also discussed was the benefit of having charters for each standing committee of the board. Committees will be asked to provide their charters for review by the Committee on Governance and Long-Range Planning.

The Committee received information from Senior Vice President for Administration, Tom Poole, of Committee responsibilities which ensure adherence to risk management requirements.

The Committee has moved forward with the review of consultants to advise on enhancements to University governance. A subset of the Committee has reviewed proposals from potential vendors and will vet candidates for the review by the full Committee.

There were no actionable items presented to the Board.

**E. Committee on Legal and Compliance**

Chair Lubert reported that since the last meeting, the Committee has received reports from Julie Del Giorno, Athletics Integrity Officer, and Regis Becker, Director of University Ethics and Compliance. The Committee received a draft compliance plan and an update on the athletics integrity agreement.

There were no actionable items presented to the Board.

**F. Committee on Outreach, Development and Community Relations**

Chair Myers reported that a quorum of the Committee on Outreach, Development and Community Relations was present with the following members in attendance: Myers (chair), Alexander (vice chair), Brown, Dambly, Harpster, and McCombie.

Chair Myers reported that since the last meeting, the Committee has received updates from the Edelman group and received reports from University staff and administrators on governmental affairs; University development and fundraising; and Penn State website re-design. The Committee also received an extensive presentation on University Outreach from Craig Weidemann, Vice President for Outreach and Vice Provost for Online Education. Chair Myers also reported that the Committee discussed the public comment component of Board meetings.

There were no actionable items presented to the Board.

**Report on Freeh Advisory Council and Trustee Response Team**

David Gray provided an update of the University's implementation of recommendations contained in the Freeh Report.

**Announcements by the Chairman of the Board of Trustees**

In closing, Chairman Masser recognized special guests in attendance and called for other items of interest to the Board.

The meeting adjourned at 4:01 PM.

Respectfully submitted,

Janine S. Andrews  
Associate Secretary  
Board of Trustees