

MINUTES OF MEETING

BOARD OF TRUSTEES

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March 16 2012

A meeting of the Board of Trustees was held in Room 302 of the University Fitness and Conference Center, The Milton S. Hershey Medical Center, Hershey, Pennsylvania, at 1:15 p.m. on March 16, 2012.

The following Trustees were present: Peetz (chairman), Masser (vice chairman), Alexander, Allan, Clemens, Dambly, Deviney, DiBerardinis, Eckel, Erickson, Garban, Greig, Hayes, Hetherington Hintz, Huber, Jones, Khoury, Myers, Riley, Shaffer, Silvis, Strumpf, Suhey, Surma and Tomalis; Trustee Emeritus Junker; and Branstetter.

Present by invitation were faculty representatives Hagen, Backer and Hufnagel; student representatives Bard and Lozano; academic leadership chair Korner; staff members Ammerman, Baldwin, DiRaimo, Foley, Gray, Hanes, Kirsch, Mahon, Mulroy-Degenhart, Pangborn, Paz, Poole, and Sims.

Chairman Peetz expressed pleasure with being at the Penn State Milton S. Hershey Medical Center for the meeting. The Board enjoyed the opportunity to tour the Penn State Hershey Children's Hospital in the morning and in meeting several medical and nursing students over lunch. That, combined with the success of THON last month, really has a way of energizing everyone. Chairman Peetz called on host Dr. Hal Paz for remarks.

Dr. Paz welcomed everyone to The Milton S. Hershey Medical Center and Hershey, Pennsylvania.

Chairman Peetz welcomed the University Faculty Senate Officers Daniel Hagen, Larry Backer and Pamela Hufnagel; and student representatives T.J. Bard and Jonathan Lozano. Chairman Peetz noted that this would be their last meeting as representatives to the Board and invited each to make brief farewell comments. Also welcomed was David Gray, senior vice president for Finance and Business.

It was voted to approve the minutes of the meeting of the Board held on January 20, 2012.

President's Report

Dr. Erickson's report is included in its entirety:

"Welcome. To begin I wish to thank Dr. Paz and our other hosts for their hospitality over the last two days. This has been a great opportunity to explore how this campus contributes to Penn State's mission of teaching, research and service, as it fulfills a critical need for health care in the Commonwealth of Pennsylvania.

"Dr. Paz will update you on the Milton S. Hershey Medical Center and College of Medicine, so I'll focus on other news.

"One of the most pressing orders of business is the discussion surrounding the state appropriation to Penn State. This is indeed a very tough budget year for Pennsylvania, and I don't envy the task of Governor Corbett and the General Assembly in producing a final budget, but I'll continue to make the case that public higher education is at the core of the state's economic future. Last month I testified before the Pennsylvania House and Senate appropriation committees, and I was encouraged by the level of support for Penn State and the needs of Pennsylvania families.

"Beyond the perennial question of when we will revive the Penn State-Pitt football rivalry, much of the discussion revolved around what I'll call the 3 E's: education, the economy, and ethics. Today, I'll touch upon these three areas.

"First, let's look at the demand for a Penn State education. Applications for admissions continue to come in at record numbers. To date, we've received about 106,000

applications. Graduate applications are up 4 percent, and there's strong growth in international applications; with international undergraduate applications up 23 percent and international graduate applications up 10 percent.

"There's also continuing interest in our award-winning World Campus, with applications for first-time and advanced placement admission up 15 percent for a summer or fall start.

"Overall, undergraduate applications and acceptances are tracking historical patterns and trends. Paid accepts for University Park are running very close to last year, and while there is some early softness in Commonwealth Campus deposits, there is still a long way to go in the campus recruitment cycle; most of the year-to-year difference is accounted for by three of our largest Commonwealth Campuses where enrollments have been most robust during the past decade or more.

"A frequently asked question from our legislators is what Penn State is doing to help our students complete their degrees in a timely fashion. *The Chronicle of Higher Education* just released a comprehensive, easily searchable database of graduation rates for 1,251 colleges and universities. I'm pleased to note that Penn State University Park ranks No. 1 among Pennsylvania public schools and 5th among national flagship public universities for the 6-year graduation rate. Nationwide, University Park is in the top 5 percent of public colleges for our 4-year graduation rate and in the top 2 percent for our 6-year graduation rate.

"What's more, we're always trying to improve 'completion,' and this year we launched a new initiative called Maymester. This month-long, intensive session is designed to help students catch up on coursework or accelerate toward degree completion, while still allowing ample time during the summer to look for jobs and internship opportunities.

"Of course, one of the most important ways we're contributing to the education of our students is through our outstanding faculty. Each year our faculty is tapped for membership in leading professional organizations. This year was no exception, and the group shown here was named to the American Association for the Advancement of Science. This is the world's largest general scientific society, and this honor is bestowed based on the scientifically or socially distinguished efforts to advance science or its applications.

"In addition, three assistant professors--Scott Phillips, Nathan Gemelke and Karl Schwede--were honored with the 2012 Sloan Research Fellowship. This is one of the most prestigious awards for young faculty, and it predicts a bright future for these scholars. As Dr. Paul Joskow, president of Sloan Foundation, said, 'Today's Sloan Research Fellows are tomorrow's Nobel Prize winners. These outstanding men and women are responsible for some of the most exciting science being done today.'

"Our faculty are also responsible for cultivating the talents of our students. I had the pleasure of hosting the President's Concert at Heinz Hall in February. This was a wonderful showcase of some of Penn State's most talented musicians under the direction of world-renowned faculty. I hope you'll be able to join us next year.

"Now I'd like to show you a video about another research project that demonstrates how far Penn State faculty will go to engage students. This video is part of a new series on the Big Ten Network that began this winter and is the result of a Big Ten initiative chaired by Bill Mahon, our vice president for University Relations, to promote university research expertise. [Video shown]

"Penn State also has researchers working at the microscopic level to discover the knowledge that will improve lives for future generations. Here's another short video to describe a very promising collaboration. [Video shown]

"Experiences with outstanding faculty, ambitious research projects, and real world applications enhance the career opportunities for our students, and despite difficult economic times, we've had excellent news from the job market. Consider that nearly 350 employers attended our 2012 Spring Career Days; that's a 6 percent increase over last year. Penn

State's People-to-People Career Fair, focusing on service, wellness and recreation opportunities, had more than twice as many registered employers as last year. And with 48 school districts registered to attend our Education Career Day next week, the employment prospects for our students continue to be strong for the future.

"Penn State's commitment to research and education in Pennsylvania is also contributing to the larger economy. In the recent Senate appropriation hearing, our Philadelphia senators brought up the impact of Penn State's leadership in the EnergyInnovation Hub at the Philadelphia Navy Yard. Launched 18 months ago with a \$129 million federal grant and an additional \$30 million from Pennsylvania, this project is pioneering new technologies and tools to make buildings more energy efficient, and creating new jobs in the Philadelphia area. We expect this economic engine to continue for many years to come.

"I've pledged to lead this University with openness and better communication.

"To that end, we recently launched an openness website with links to updates, budget information, frequently asked questions, contracts, and other resources. The site has had nearly 10,000 visitors and seems to be facilitating a greater flow of information to our constituents. We're also moving forward on the implementation of Judge Freeh's preliminary recommendations, which fall into five categories. They include:

1. **Strengthening Policies and Programs Involving Minors**
We will provide more clear and specific guidance to staff and others who interact with children, including enhanced background checks and abuse awareness training. A thorough review of Policy AD39, which deals with minors involved in University-sponsored programs or programs held at the University is already well underway
2. **Prompt Reporting of Abuse and Sexual Misconduct**
At regular intervals we will send the University community reminders, updates and notices to underscore the importance of reporting misconduct and identifying ways to report. This includes enhancing the visibility of the Office of Internal Audit's Ethics Hotline.
3. **Compliance with Clery Act's Training and Reporting Requirements**
A new full-time Clery Compliance Coordinator will soon join the Office of University Police and Public Safety. We will also use outside experts to provide Clery Act training.
4. **Administrative Reforms**
We're finalizing the job descriptions and search committees for a Director of University Compliance, who will coordinate and oversee the vast array of compliance issues throughout the University. The Board is also working to define functions on the Subcommittee on Audit and reexamining the Board's oversight responsibilities; and
5. **Athletic Department Security Arrangements**
As Judge Freeh recommended, the Compliance Office in Intercollegiate Athletics will add an additional staff person. We're also developing a procedure to ensure that the University immediately retrieves keys, access cards and all other University property from individuals who are not formally associated with the University.

"We're pursuing several additional initiatives to address Judge Freeh's recommendations, and we'll keep you and the University community informed as details emerge.

"Moving on...we're currently in what many sports fans believe to be the sweet spot of the spectator season--with winter teams competing in their respective championships while spring teams are beginning to hit their stride. A few highlights include:

"The Lady Lions won the first Big 10 Championship since 2004, and players Alex Bentley and Maggie Lucas were named First Team All-Big Ten. The fourth-seeded women head to the NCAA tournament to face 13th-seeded Texas-El Paso in Baton Rouge, Louisiana on Sunday.

"Coquese Washington was honored for her leadership, being named Big Ten Coach of the Year and is one of 10 finalists for the national Coach of the Year honor.

"The wrestling team defended their Big Ten title and is currently ranked No. 2 in the country. As the 2011 NCAA Champions, the Nittany Lions will be competing to defend their title this weekend in the 2012 NCAA national championship.

"The men's gymnastics team is also ranked No. 2 in the country, and last week, men's gymnast Miguel Pineda was named a recipient of the 2012 Wayne Duke Postgraduate Award for achievement in academics, athletics, extracurricular activities and leadership. The award is an annual scholarship recognizing one male and one female Big Ten senior student-athlete pursuing a postgraduate degree.

"Now from development comes a gift story that is both remarkable and inspiring.

"Hiroshi Hamasaki graduated in December 2011, and just weeks after receiving his master's degree in geosciences, he wanted to thank his adviser and professor of geochemistry, Hiroshi Ohmoto. Rather than just sending an email or text like so many others, Hamasaki gave a \$100,000 gift to establish the Geosciences Research Fund in Honor of Hiroshi Ohmoto, in the College of Earth and Mineral Sciences. Hamasaki, a native of Japan, said the gift reflects his appreciation for the support and mentoring he experienced during his three years of study with Ohmoto. It also speaks to what Hamasaki described as the strengths of Penn State--the sense of community among students, dedication of faculty, and world-class research. He said, 'Penn State changed my life--I learned not just academics but also gained a broader perspective. I'm proud to be a Penn State alumnus, and the easiest way to show my appreciation was with this donation.'

"I also wish to recognize the remarkable achievements of the dedicated Penn State Hershey development team. There has been a strategic expansion of the staff, and through their efforts, this division has just reached \$200 million in commitments for *For the Future: The Campaign for Penn State Students*. His achievement, over five years, represents \$41 million more than was raised during the seven year Grand Destiny campaign for the Medical Center and College of Medicine. This wonderful success to date has been made possible through a focus on securing major gifts, including 17 gifts of \$1M and above; the engagement of physician and scientist partners; and the implementation of a strategic prospect management process.

"In addition, we're very grateful to the Rocco and Nancy Ortenzio Foundation for the \$3 million commitment to establish The Rocco Ortenzio Chair of Physical Medicine and Rehabilitation. The endowed position will enable the institution to recruit a nationally recognized leader for its newest department as it addresses the growing need throughout Pennsylvania for physical medicine and rehabilitation.

"Hershey's Development team was also instrumental in realizing the dream of the new, freestanding children's hospital building, which will open later this year. This ambitious and important project was made possible by more than \$68 million in private philanthropy.

"Finally, a few words on what is unquestionably the largest and most incredible student run philanthropy in the world.

"In February, the 46-hour Penn State Dance Marathon set a new record, raising \$10.7 million for the Four Diamonds Fund at Penn State Hershey Children's Hospital. That brings the total THON has raised since 1977 to more than \$89 million for the kids. This continued growth is a testament to the organization, creativity and leadership of everyone who unites in the fight against pediatric cancer in the Commonwealth and around the world.

"We'll invite the overall chair to our May meeting so we can recognize her in person.

"To close my remarks, I'd like to share a short video that focuses on the Four Diamonds Fund and THON. I think it does a beautiful job of showing the spirit of THON and the entire Penn State community. I hope you enjoy it. After it's finished I'll be happy to take your questions. [Video shown]

"That concludes my report, and now I would be happy to take your questions."

President Erickson received questions concerning:

- Status of undergraduate application for this year.
- Number of students enrolled in the World Campus.
- Enrollment in the Dickinson School of Law, both at University Park and Carlisle.
- Time frame for hiring a Compliance Officer.
- Current year's budget appropriation cut.

Update on The Milton S. Hershey Medical Center

Harold L. Paz, M.D., Senior Vice President for Health Affairs, Dean, College of Medicine, and Chief Executive Officer, The Milton S. Hershey Medical Center provided an update on the medical center. [Video shown]

Reports from Standing Committees

A. Committee on Campus Environment

There was no report from the Committee on Campus Environment.

B. Committee on Educational Policy

In the absence of the chair and vice chair, Chairman Peetz reported that a quorum of the Committee on Educational Policy was present with the following members in attendance: Peetz and Erickson (ex officio), Alexander, Hayes, Jones, Myers, Riley, Shaffer, and Tomalis.

The Committee on Educational Policy recommended that the Board of Trustees approve the following resolution:

1. RESOLVED, That the Board of Trustees approves the reorganization and renaming of the Department of African and American Studies in the College of the Liberal Arts to the Department of African American Studies effective immediately.

The Board voted to approve the action item as recommended by the Committee on Educational Policy.

The Committee received the following items for information:

1. Information on Undergraduate Programs
 - a) Applied and Industrial Mathematics Option in the Bachelor of Science in Mathematics in the Eberly College of Science: New Option
 - b) Applied Analysis Option and the Teacher Certification Option in the Bachelor of Science in Mathematics in the Eberly College of Science: Drop of Options
 - c) Computer Science Option in the Bachelor of Science in Chemistry in the Eberly College of Science: Drop of Option
2. Information on Graduate Programs
 - a) Adult Gerontology Acute Care Nurse Practitioner, available in the Master of Science (M.S.) Degree in Nursing in the School of Nursing: New Option
 - b) Master in Science (M.S.) Degree in Engineering Mechanics and Changing the M.S. Degree in Engineering Science to the M.S. Degree in Engineering Science and

- c) Mechanics in the College of Engineering: Drop of Program and Change of Program Integrated Undergraduate-Graduate (IUG) Degree Program (Bachelor of Science/Master of Science) in Computer Science at Penn State Harrisburg: New Program
 - d) Integrated Undergraduate-Graduate (IUG) Degree Program (Bachelor of Architectural Engineering/Master of Science) in Architectural Engineering in the College of Engineering: New Program
 - e) Energy and Mineral Engineering Graduate Program, Environmental Health and Safety Engineering Option and the Energy Management and Policy Option, and Undergraduate-Graduate (IUG) degrees in Energy and Mineral Engineering in the College of Earth and Mineral Sciences: Change of Requirements and New Program
 - f) Agricultural Biosecurity Option in the Master of Professional Studies Degree in Homeland Security: Change in Name to Agricultural Biosecurity and Food Defense Option
 - g) Enterprise Architecture, Offering a Master of Professional Studies (M.P.S.) Degree in the College of Information Sciences and Technology: New Program
 - h) Doctor of Juridical Science (S.J.D.) in The Dickinson School of Law: New Program
3. Informational Report on Interdisciplinary Health Science Education

Richard Simons, M.D., Vice Dean for Educational Affairs, along with Mary Beth Clark, Ed.D., Assistant Professor of Nursing and Hershey Campus Coordinator, presented information on Interdisciplinary Health Science Education. [Video show]

C. Committee on Finance and Physical Plant

Chair Strumpf reported that a quorum of the Committee on Finance and Physical Plant was present with the following members in attendance: Strumpf (chair), Masser (vice chair), Peetz and Erickson (ex officio), Clemens, Dambly, Deviney, Eckel, Garban, and Silvis.

The Committee on Finance and Physical Plant 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 and Physical Plant at its meeting of March 16, 2012.

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 the new building to be built on the site of South Henderson is named the "Health and Human Development Building."
4. RESOLVED, That the various spaces around the new Office of Physical Plant (OPP) greenhouse facilities be named as listed.

"Tower Road Landscape Shop" -- Building No. 0939-000 (Former DGS Construction Inspection Building
"OPP Greenhouse Production 1" -- Building No. 0904-026 Existing Structure
"OPP Greenhouse Production 2" -- Building No. 0904-027 Existing Structure
"OPP Plant Material Storage 1" -- Building No. 0904-028 Future Structure (6 months-1 year)

"OPP Greenhouse Storage 1" -- Building No. 0904-023 Existing Structure
"OPP Greenhouse Storage 2" -- Building No. 0904-024 Future Structure
(1-2 years)
"OPP Potting Shed" -- Building No. 0904-025 Future Structure (1-2 years)
"Greenhouse Road" -- Road that runs through the facilities connecting
Tower Road and Big Hollow Road

5. RESOLVED, That the new lacrosse field is named the "Penn State Lacrosse Field."

6. 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 appoint EYP Architecture & Engineering, P.C. of Albany, New York to design the Steidle Building Renovations at University Park.

7. 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 Stantec of Butler, Pennsylvania as architects for the Mueller and Whitmore Laboratories Renovation at University Park.

8. RESOLVED, That the final plans for the South Halls Addition and Renovation, as designed by the firm of Barton Malow of Baltimore, Maryland are approved.

FURTHER BE IT RESOLVED, That authorization to award contracts to construct the project be approved at a cost of \$94,100,000.

The Board voted to approve the action items as recommended by the Committee on Finance and Physical Plant.

The Committee received the following items for information:

1. Curtin Road Chilled Water, University Park
2. East Campus Steam Plant Boiler Repairs, University Park
3. Bryce Jordan Center Retractable Seating Replacement, University Park
4. Laundry Relocation, University Park
5. Hetzel Union Building Energy Conservation Measures and Chilled Water Connection, University Park
6. Forestry Building Slab Remediation, University Park
7. McKean Road Reconstruct, University Park
8. Resident Apartment Buildings Renovation, Penn State Erie, The Behrend College
9. Purchase of Property at 4909 Jordan Road, Penn State Erie, The Behrend College
10. Purchase of Property at 27 North Sixth Street, Penn State DuBois
11. Naming of Rooms, Portions of Buildings and Plazas
 - a) Library Group Study Room (Room 202, Group Study Room 1), Lewis Katz Hall, Carlisle, in recognition of a gift from Lee and Sandra Levine. The recognition plaque should read: *Lee Levine '63 and Sandra Levine Library Study Room*

- b) Faculty Office (Room 224), Lewis Katz Hall, Carlisle, in recognition of a gift from Dean and Wendy Weidner. The recognition plaque should read: *Dean Weidner '69 and Wendy Weidner Faculty Office*
 - c) Plaza outside the Perkins Student Center, Penn State Berks, for the founding CEO, Dr. Harold Perkins. The student center was named in honor of Dr. Perkins in the early 1980s. The recognition plaque should read: *Perkins Plaza*
 - d) Seminar Room 104, Lewis Katz Hall, Carlisle, in recognition of a gift from Martin Lane. The recognition plaque should read: *Martin G. Lane Jr. Seminar Room*
 - e) Career Service Suite, Lewis Katz Hall, Carlisle, in recognition of a gift from Gene and Becky Cavallucci. The recognition plaque should read: *Eugene Cavallucci '72 and Becky Strauss Cavallucci '68 Edu Career Services Suite*
 - f) Portico Lobby (Trickett Hall entrance), Carlisle, in recognition of a gift from William R. Caroselli and Dusty Elias Kirk. The recognition plaque should read: *William R. Caroselli '66 and Dusty Elias Kirk '79 Lobby*
- 12. Status of Major Construction Programs and Borrowing
 - 13. Investment Review of Endowment and Similar Funds
 - 14. Summary and Designation of Gifts Received by the University

Legal Matters

Vice President and General Counsel Cynthia A. Baldwin noted there were no pending legal matters.

Proposed Revisions to the *Bylaws* and the *Standing Orders* of the Board of Trustees

The Board of Trustees voted to adopt the following resolution:

RESOLVED, That the Bylaws, Article 4., Committees of the Board of Trustees , be revised to read as follows:

ART. 4. COMMITTEES OF THE BOARD OF TRUSTEES

- (1) The Executive Committee: Not less than seven (7) nor more than eleven (11) members of the Board of Trustees to be chosen by ballot of the members present at the stated meeting of the Board in January each year together with the president and the secretary of the corporation shall constitute an executive committee to serve for a period of one year and until their successors are chosen. The president of the corporation shall be chairperson of the executive committee and the secretary of the corporation the recording secretary of the executive committee. The number of elected members of the executive committee, within the above limitations, shall be determined by the Board of Trustees at each said stated meeting.
 - (a) Purpose of the Executive Committee: The purpose of the executive committee, under the direction of and subject to the approval of the Board of Trustees, shall be to transact all necessary business as may arise in the intervals between meetings of the Board.
 - (b) Meetings of the Executive Committee: Meetings of the executive committee may be called by the Board of Trustees, by the President of the Board or by the President of the University.
 - (c) Place of Meetings of the Executive Committee: All meetings of the executive committee shall be held at the executive offices of the University unless otherwise ordered by the chairperson of the committee.
 - (d) Notice of Meetings of the Executive Committee: Notice of the time and place of all meetings of the executive committee shall be given in the same manner as for meetings of the Board of Trustees.
- (2) Standing Committees:
 - (a) Function of Standing Committees: To facilitate consideration of the business and management of the corporation and of the University, standing committees are established as hereinafter set forth.
 - 1. Referral of Matters to Standing Committees: Any matters appropriate for consideration by a standing committee first shall be referred thereto by the Board of Trustees, the President of the Board or the President of the University, except that a two-thirds (2/3) vote of the trustees present at a meeting of the Board but in no event by an affirmative vote of less than nine (9) Trustees will permit initial consideration by the full Board.

2. Consideration by Board of Matters on Which Standing Committees Make No Recommendation or Report: Provided, however, that any matter referred to and considered by a standing committee, but upon which the committee makes no recommendation or report to the Board, may be brought before the Board for consideration at the request of any trustee.
 3. Matters Appropriate to More Than One Committee: Except as otherwise provided in the bylaws, matters determined to be appropriate for consideration by more than one committee may be referred by the President of the Board of Trustees and the President of the University to one committee or more.
 4. Final Authority of the Board: Unless otherwise specifically delegated and except as otherwise provided herein, authority to act on all matters is reserved to the Board, and the duty of each standing committee shall be only to consider and to report or make recommendations to the Board upon appropriate matters.
 5. Specific Responsibility of Standing Committees: The several standing committees are charged specifically with the immediate care and supervision of the subject matters respectively indicated by and properly relating to their titles.
 - (b) Standing Committees Established: The following shall be the standing committees of the Board:
 - Committee on Academic Affairs and Student Life
 - Committee on Finance, Business and Capital Planning
 - Committee on Governance and Long-Range Planning
 - Committee on Audit, Risk, Legal and Compliance
 - Committee on Outreach, Development and Community Relations
- (3) Selection of Committee Members:
- (a) Appointment of Members: Members of the standing committees, and the chairperson and vice chairperson thereof, shall be appointed by the President of the Board of Trustees after consultation with the President of the University.
 - (b) Term of Committee Members: Committee members shall serve for a term of one (1) year commencing upon the date of the election of officers of the corporation, and until their successors are appointed in accordance with this bylaw.
 - (c) Vacancies on Standing Committees: Vacancies on all standing committees shall be filled through appointment by the President of the Board after consultation with the President of the University to serve the unexpired term created by the vacancy.
- (4) Special Committees: Special committees shall be appointed by the President of the Board, after consultation with the President of the University, upon authority of the Board with such powers and duties as the Board may determine, provided that no special committee shall be created to act upon any matter appropriate to be acted upon by a standing committee.
- (a) Length of Service of Special Committees: A special committee shall act for no more than one year from the date of appointment and shall be considered discharged upon the expiration of said year unless specifically authorized by the Board at the time of its appointment, or from year to year, to act for a longer period.
- (5) Subcommittees: Each committee shall have such subcommittees as may be required for the effective conduct of the business of the committee, provided, however, that subcommittees shall be created only in response to need and to serve a specific purpose.
- (a) Appointment of Subcommittees: Each subcommittee shall be appointed by the chairperson of the committee of which it is a part, after consultation with the President of the Board and the President of the University.
 - (b) Length of Service of Subcommittees: Each subcommittee shall serve for a period of not more than the term of the members of the standing committee of which it is a part.
- (6) Ex Officio Members: The President of the Board of Trustees, or in his/her absence the Vice President of the Board, shall be an ex officio member of all standing committees, of all special committees, and of all subcommittees. The President of the University shall be an ex officio member of all standing committees, of all special committees, and of all subcommittees except the Subcommittee on Audit of the Committee on Audit, Risk, Legal and Compliance.
- (a) Counted in Determining a Quorum: Ex officio members shall be counted in determining the presence of a quorum.

- (7) Committee on Academic Affairs and Student Life: The committee on academic affairs and student life shall:
- (a) Consider and report or recommend to the Board on matters pertaining to the educational policies and programs of the University, including the long-range educational development of the University;
 - (b) Consider and report or recommend to the Board on matters pertaining to the faculty;
 - (c) Consider and report or recommend to the Board on educational policy matters pertaining to instruction, research, and continuing education;
 - (d) Consider and report or recommend to the Board on matters pertaining to all phases of student life.
 1. Number of Members: The committee on academic affairs and student life shall consist of not less than six (6) appointive members, in addition to the ex officio members.
 2. The committee on academic affairs and student life will seek consultation from representative constituent groups as appropriate in the exercise of its responsibilities.
- (8) Committee on Finance , Business and Capital Planning: The committee on finance, business and capital planning shall:
- (a) Consider and report or recommend to the Board on matters pertaining to finance, business, budgets, non-budget expenditures, human resources, investments, trust funds, insurance, real estate contracts, government and private contracts, and grants, fees, room and board charges, and the long-range financial planning and development of the University;
 - (b) Consider and report or recommend to the Board on matters pertaining to endowments, gifts, and fund raising;
 - (c) Consider and report or recommend to the Board on matters pertaining to purchase and sale of real estate, master plans, construction, the appointment of architects, the selection of architectural styles and materials, architect's plans, the award of contracts, and the names of buildings and roads;
 - (d) Consider and report or recommend to the Board on matters pertaining to the University's capital plan, the long-range comprehensive physical plant and infrastructure development of the University at each campus, consistent with the long-range educational development of the University.
 1. Number of Members: The committee on finance and physical plant shall consist of not less than six (6) appointive members, in addition to the ex officio members.
 2. The committee on finance, business and capital planning will seek consultation from representative constituent groups as appropriate in the exercise of its responsibilities.
- 9) Committee on Governance and Long-Range Planning: The committee on governance and long-range planning shall:
- (a) in fulfillment of its Governance responsibilities, provide counsel and advice to the Board in matters concerning the development of strategies, policies, and practices that orient, educate, organize, motivate, and assess the performance of trustees. It shall assume such additional responsibilities as may from time to time be assigned by the Board's leadership with the approval of the full Board including, but not limited to:
 - (1) oversight of all committee guidelines to ensure appropriate and comprehensive distribution of responsibilities;
 - (2) review and recommending to the Board any changes to the expectations of membership and code of conduct for all trustees;
 - (3) recommending to the Board candidates for election to membership on the Executive Committee;
 - (4) reviewing the service of a Trustee upon retirement. The committee may recommend to the Board that emeritus/a status be awarded to the retired trustee. Criteria to be considered by the group shall include offices held, attendance record, participation in the activities of the Board, length of service, or other significant contributions;
 - (5) evaluate and make recommendations on the working effectiveness of the Board and its committees.
 - (b) in fulfillment of its Long-Range Planning responsibilities:
 - (1) charge and support the chief executive with leading a strategic planning process, participating in that process, approve the strategic plan, and monitoring its progress;
 - (2) ensure the growth, development, and sustainability of the University for future generations and to achieve its full potential as one of the world's great universities.
1. Number of Members: The committee on governance and long-range planning shall consist of not less than six (6) appointive members, in addition to the ex officio members.

2. The committee on governance and long-range planning will seek consultation from representative constituent groups as appropriate in the exercise of its responsibilities.
- (10) Committee on Audit, Risk, Legal and Compliance: The committee shall oversee the auditing of the University's financial statements and internal controls, and adherence to laws, regulations, and policies that pertain to University operations as set forth more fully in the operating guidelines of the subcommittees. In fulfilling its responsibility, the committee on audit, risk, legal and compliance shall:
- (a) Consider and report or recommend to the Board on matters pertaining to regular and special audits;
 - (b) Consider and report or recommend to the Board on matters pertaining to the identification and management of risks including financial, material, and reputational;
 - (c) Consider and report or recommend to the Board on matters pertaining to compliance, oversight and legal issues as legally or otherwise prescribed.
1. Number of Members: The committee on audit, risk, legal and compliance shall consist of not less than six (6) appointive members, in addition to the ex officio members.
 2. The committee on audit, risk, legal and compliance will seek consultation from representative constituent groups as appropriate in the exercise of its responsibilities.
- (11) Committee on Outreach Development and Community Relations: The Committee on Outreach, Development and Community Relations shall:
- (a) in concert with the University's leadership, engage regularly with the institution's major constituents including the faculty, staff, students, alumni, supporters, relevant state and local government agencies and officials, business leaders, and the public. It shall assume such additional responsibilities as may from time to time be assigned by the Board's leadership with the approval of the full Board including, but not limited to:
 - (1) Educating constituents about the role and responsibilities of the Board of Trustees;
 - (2) Communicate value of the University to all constituents at all locations; and
 - (3) Development of short and long term communication plans consistent with University priorities
 1. Number of Members: The committee on outreach, development and community relations shall consist of not less than six (6) appointive members, in addition to the ex officio members.
 2. The committee on outreach, development and community relations, will seek consultation from representative constituent groups as appropriate in the exercise of its responsibilities.

RESOLVED, That the applicable provisions of the *Standing Orders* excerpted below be revised to read as follows:

ORDER I. THE FOLLOWING SPECIAL COMMITTEES AND SUBCOMMITTEES ARE HEREBY ESTABLISHED:

- (1) Subcommittee on Architect/Engineer Selection (of the Committee on Finance, Business and Capital Planning).
 - (a) This subcommittee will be composed of three members of the Committee on Finance, Business and Capital Planning.
 - (b) When it becomes necessary for the Board to appoint an executive architect or engineer for major University physical plant projects, University staff will prepare a list of not less than three nor more than five firms for consideration by the subcommittee.
 - (c) The qualifications of these firms to perform this particular professional activity as well as background information regarding the type of firm and previous professional work will be presented to the subcommittee.
 - (d) Based on this information, and upon any recommendation that may be forthcoming from a program committee, and any additional information the subcommittee may request, the subcommittee, after discussion with the staff, will recommend to the Committee on Finance, Business and Capital Planning, the firm that they recommend the Board should appoint.
- (2) Subcommittee on Audit (of the Committee on Audit, Risk, Legal and Compliance).
 - (a) This subcommittee will be composed of up to four members of the Committee on

- Audit, Risk, Legal and Compliance, who are financially literate.
- (b) This subcommittee shall be responsible for reviewing on a regular basis the performance and determinations of the auditing firm and informing the Committee on Audit, Risk, Legal and Compliance regarding relevant financial oversight matters.
 - (c) This subcommittee shall be responsible for reviewing on a regular basis matters pertaining to the identification and management of risks including financial, material, and reputational.
- (3) Subcommittee on Finance (of the Committee on Finance, Business and Capital Planning).
- (a) This subcommittee will be composed of up to three members of the Committee on Finance, Business and Capital Planning.
 - (b) This subcommittee shall be responsible for reviewing on a regular basis certain of the University's material financial matters, including the operating and capital budgets, balance sheet management and debt strategy, non-endowed investments, review and endorsement of endowment spending rates, and informing the Committee on Finance, Business and Capital Planning regarding relevant financial oversight matters.
- (4) Subcommittee on Human Resources (of the Committee on Finance, Business and Capital Planning).
- (a) This subcommittee will be composed of up to five members, not all of whom need be members of the Committee on Finance, Business and Capital Planning.
 - (b) This subcommittee shall be responsible for reviewing on a regular basis certain of the University's greatest assets, its human resources, including the applicable policies and procedures concerning the recruitment, retention, and training of employees, as well as diversity and inclusion. The Subcommittee shall be responsible for a review of compensation policies and practices.
- (5) Subcommittee on Legal (of the Committee on Audit, Risk, Legal and Compliance).
- (a) This subcommittee will be composed of up to three members of the Committee on Audit, Risk, Legal and Compliance.
 - (b) This subcommittee shall be responsible for reviewing matters pertaining to compliance, oversight and legal issues as legally or otherwise prescribed, including but not limited to litigation strategies and other matters as prescribed by the subcommittee's charter.

[The approval of the above reflects editorial amendments distributed at the meeting.]

Recommendation for Approval to Grant Honorary Degree

The Board of Trustees voted to adopt the following resolution:

RESOLVED, That the Board of Trustees approves the granting of the Honorary Doctorate of Science to Steven Chu at an upcoming commencement ceremony.

Informational Report on The Corporation for Penn State

A report on the activities of The Corporation for Penn State was available and Dr. Rodney A. Erickson, President and Chief Executive Officer of the Corporation was available for questions.

Election of Directors of The Executive Committee

Chairman Peetz reported that the election of members of the Executive Committee had been deferred from the January meeting so that the results of the January elections were reflected in the proposed membership. Additionally, the immediate past chair of the Board; the president of the University; the chairs of the five newly created standing committees; the chair of the Board of Directors of the Penn State Milton S. Hershey Medical Center; and the chair of the Special Investigations Task Force were also recommended to serve on the committee.

It was voted by the Board to elect eleven (11) members to the Executive Committee for 2012. The ballots were distributed and counted. The following were elected to the Executive Committee for 2012: Marianne E. Alexander, James S. Broadhurst, Mark H. Dambly, Keith W. Eckel, Rodney A. Erickson, Kenneth C. Frazier, Edward R. Hintz, Jr., Keith B. Masser, Karen B. Peetz, Linda B. Strumpf, and John P. Surma.

Election of Directors of The Corporation for Penn State

The Board of Trustees voted to adopt the following resolution:

RESOLVED, That the following persons be elected to the Board of Directors of the Corporation for Penn State.

Marianne E. Alexander
James S. Broadhurst
Mark H. Dambly
Keith W. Eckel
Rodney A. Erickson
David J. Gray

Edward R. Hintz, Jr.
Keith E. Masser
Robert N. Pangborn
Harold L. Paz
Karen B. Peetz
Linda B. Strumpf

Appointment of Member, Board of Directors of The Milton S. Hershey Medical Center

The Board of Trustees voted to approve the following resolution:

RESOLVED, That Keith E. Masser is appointed as a member of the Board of Directors of The Milton S. Hershey Medical Center effective March 16, 2012, for a term ending June 30, 2013.

Announcements by the Chairman of the Board of Trustees

The meeting adjourned at 4:00 p.m.

Respectfully,

Paula R. Ammerman
Associate Secretary
Board of Trustees