

266-1
MINUTES OF MEETING
BOARD OF TRUSTEES
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A meeting of the Board of Trustees was held in the Boardroom of The Nittany Lion Inn, University Park, Pennsylvania, at 1:30 p.m. on September 14, 2012.

The following Trustees were present: Peetz (chairman), Masser (vice chairman), Alexander, Allan, Broadhurst, Clemens, Cotner, Dambly, Deviney, Eckel, Erickson, Greig, Hayes, Hintz, Huber, Khoury, Lubert, Lubrano, McCombie, Myers, Shaffer, Silvis, Strumpf, Suhey, Surma, Taliaferro and Tomalis; Branstetter; and Trustees Emeriti Brosius, Frey, Huck, Junker, Metzgar, Rowell, and Wise.

Present by invitation were faculty representatives Backer, Yarnal, and Hufnagel; student representatives Clark, Fisher, and Lennartz; ALC chair, David Hall; and staff members Ammerman, Bowen, DiRaimo, Dunham, Foley, Gaudelius, Gray, Jones, Joyner, Kirsch, Mahon, Mulroy-Degenhart, Pangborn, Paz, Poole, Sims, and Weidemann.

Chairman Peetz had the following remarks:

"Good afternoon everyone.

"It is good to see our campuses, here in State College and throughout the Commonwealth, are once again abuzz with the activity we are all dedicated to--educating students.

"As I noted in my report at the last Trustees' meeting, much enthusiasm, optimism and pride are in evidence.

"Our common theme, our rallying cry, 'We Are Penn State' is in the hearts and minds of our students once again as they focus on their university life.

"One instance of such pride and enthusiasm is especially worth noting. It illustrates what is meant, when we all say, 'We Are Penn State.'

"It applies to our communities, our loyal and hardworking staff, and the citizens of the great Commonwealth of Pennsylvania.

"How would you like to celebrate your 106th birthday? Yes, I said one-oh-six.

"Ruth Dreibelbis chose to celebrate her birthday with her Penn State family at Beaver Stadium on Saturday, September 1.

"A resident of Centre County going back to before our entry into World War--1915 to be exact--Ruth worked at Penn State, handling our switchboard for decades.

"She was even on a first name basis with some fellow named 'Ike,' who called regularly to chat with his brother.

"Well, that 'Ike' she spoke to is who we all know as President Dwight Eisenhower.

"And the brother she was connecting him to was our own Penn State president, Milton Eisenhower, for those President-to-president, brother-to-brother calls.

"Sort of makes you wonder who was asking who for advice, doesn't it?

"Ruth is a member of our local community, she is staff, and she is a fan. She is living testament to the type of loyalty Penn State engenders, the commitment we possess, and the type of heritage we build.

"Clearly, we value our heritage. Better said more personally, we cherish our Penn State heritage.

"And what builds heritage over the decades is attention to and dedicated focus on our mission of educating the best our country has to offer...a constant drive to do better than yesterday, act decisively in the present while we anticipate and prepare for the brightest of futures.

"And we, Penn State, are now doing just that.

"To start, we are refocusing our philosophy of how we act as a Board, Administration, and a University, entering a new era of better, more representative and transparent governance.

"As I explained in my remarks three weeks ago, transparency is only the first step in improved corporate governance. In the coming months, I will be engaging the board in further discussions on other aspects of this important issue.

"These discussions will focus on such issues as aligning the board with all its constituents, current trends and thinking, as well as overall best practices.

"We've added faculty, staff, students and alumni as non-voting members to almost all Board committees, increasing representation from the University community across the spectrum.

"Importantly, we replaced a scant three Board committees with six action groups that meet more frequently to better conduct the important work of this great institution.

"These working groups, historically and importantly focused on the academic and student life of our university, now add critical dedicated resources to such areas as audit and risk management, governance, human resources and long-range planning.

"And--in line with the necessity of expanding and reinforcing our strongly held belief that 'We Are Penn State,'--we now have a dedicated outreach, development and community relations committee.

"Further, and as you know, our Trustee and committee meetings are public, and we've added a question and answer period to each full Board meeting. Today will be our first public comment session; and we welcome your ideas, thoughts and comments.

"While we are moving forward on many fronts, as I said at our last meeting, we accept the consequences of failure and we are remedying any wrongs.

"We have implemented virtually all of Judge Freeh's interim recommendations, and have now assigned review of the final recommendations to various joint University and Board committees.

"Evaluation and implementation of these recommendations is a complex effort that must be approached with resolve--and thoughtfulness.

"The Board is committed to completing implementation of the Freeh recommendations by the end of next year or, in instances where implementation is not appropriate, providing the reasons why not.

"President Erickson and I, as well as many other University leaders and representatives, have met with Senator George Mitchell, Penn State's appointed Athletic Integrity Monitor, and other members of his team and the University is making progress toward these requirements.

"In regards to these NCAA sanctions, I ask you to read, and consider, the seven very important--and cogent--points President Erickson made in his report to the Trustees at our

August 12 meeting regarding the acceptance of the NCAA sanctions. These minutes, word-for-word, are posted on our website.

"President Erickson presented compelling evidence of the necessity of the action he took in regards to those sanctions.

"You may choose to disagree with his decision, but I don't believe you can discount the thoughtful analysis he made--and presents--prior to making that decision.

"There is no doubt in my mind he made the right one.

"Let me note that the Board understands and shares the frustration of many of you, especially many of our most loyal and passionate alumni, in regards to the Freeh report and the NCAA sanctions. We understand how such frustration and anger can play out.

"Our alumni are one of Penn State's most valuable assets. As such, it is critically important for key members of the Board to meet and interact with alumni leadership.

"Tomorrow, leaders of the Board of Trustees will meet with our counterparts of the Penn State Alumni Association to first, listen, and then hopefully exchange ideas.

"In addition, several Board members and I are meeting each month with an Alumni Advisory Group to discuss our moving forward plans and get their feedback and input.

"But the process cannot end there.

"I am also proposing that within the next few weeks and months we meet with alumni leadership across the University to further open communications and work collaboratively on the great challenges ahead.

"This Board's goal, which needs to be our common goal, is to create a clear path to build on our great heritage and become an even greater university.

"But to create such a path, we must often make difficult and painful--but necessary--decisions.

"As an institution, we have made those tough, often unpopular but necessary decisions.

"In so doing, we never lost sight of, nor will we ever, our fundamental mission as educators and molders of character.

"That mission is our fiber, our DNA. It is Penn State.

"Because of it, 'We Are Penn State.'

"But we all recognize that path is challenging.

"As with other universities across the country, we face difficult economic and fiscal times as we reaffirm our twin commitments to academic excellence and fiscal sustainability.

"When we consider those financial challenges, let me make an important point here. While we cannot minimize the financial impact of recent events, specifically the NCAA actions, I can assure you the financial condition of Penn State is solid. It was solid before the unfolding of these events, and continues so.

"Other challenges exist, challenges we need to turn into opportunity.

"For instance, technology seems to dominate our lives.

"Its strategic implications and opportunities, now visible in all sectors of higher education, must be addressed. The choices that lie ahead are among the most critical.

"Our World Campus platform is at the forefront of educational technology. We must continue that visible leadership, opening new frontiers in this growing area.

"We Are Penn State and we accept such leadership responsibility.

"And what about leveraging our special strengths? Where do future opportunities lie?

"And what will define Penn State as one of the world's great universities in the years and decades ahead?

"How do we optimize our special character, the character of Penn State, and all that means, not just here in State College, but across our twenty-four diverse campuses?

"Perhaps most compelling, what will it mean when we say, 'We Are Penn State?'

"At our last meeting I spoke of 'The Blue & White Distinguished Advisory Group.' Today, I am pleased to tell you the formation of this outstanding group is underway.

"It will identify key strategic challenges and opportunities facing Penn State in the years ahead, a five to ten year time-span, and assess the implications for the University. It will focus on what the University is today as well as what the University can and should be in the future.

"And, it will seek answers to the questions I raised moments ago.

"Advising this group will be Stan Ikenberry, who many of you know is the former University of Illinois president and current senior fellow at Penn State.

"I am also announcing that the presidential search process will begin in November. The members of that committee, the process, scope of its responsibilities and time table for completion will be announced then.

"In addition, the search for a new provost also continues.

"The search for a new compliance officer is in the final stages.

"Having a single compliance officer will centralize some 140 distributed compliance personnel under one organizational umbrella, giving us vastly better control and oversight.

"We are updating other departments as well, including the important areas of human resources and university relations.

"Underway now, with the appointment of Chief Counsel Steve Dunham, is the enhancement of our legal department.

"As is evident, we are totally revamping, upgrading and enhancing our management team and our infrastructure. The investments made to core functions are necessary--and will pay solid dividends for the future.

"The Board is also broadening its thinking and looking to the future. As I just announced, we are conducting an in-depth strategic review to be completed within six or seven months, which will coincide with the presidential search.

"With the support of our greater Penn State community, and especially our alumni, with the successful execution of such plans and actions, we can--together--raise the Penn State brand to heights we all thought unattainable a little less than 12 months ago.

"Clearly understand Penn State operates from a position of strength and high regard.

"Our research enterprise continues to grow its reputation as President Erickson will report in just a few moments.

"This week more than 500 organizations--527 to be exact--participated in our Fall Career Days. This is a robust turnout, and significantly, many companies registered for multiple days and reserved more booth space than in past years; all in the face of what everyone agrees is one of the most problematic job markets for new grads in recent memory.

"Finally, on a personal basis, I have spent most of my adult life in business, finance to be specific.

"I can tell you unequivocally--that the reputation Penn State graduates carry with them into business--or any other sector for that matter--is one of intelligence, hard work, and integrity.

"We are Penn State, and we will succeed. Thank you."

Chairman Peetz welcomed University Faculty Senate Officers Larry Backer, Brent Yarnal, and Pam Hufnagel, student representatives Ben Clark, Wanika Fisher and Courtney Lennartz; Academic Leadership Council chair, David Hall, and new Vice President and General Counsel, Steve Dunham.

Chair Peetz also introduced constituents to board committees that were expanded in July: Roger Egolf, Ginny Hosterman, Crystal Hubler, Katelyn Mullen, and Katie Smarilli.

It was voted to approve the minutes of the meeting of the Board held on July 13, August 12, and August 25 and 26, 2012.

President's Report

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

"Good afternoon and welcome. This is the first board meeting of the new academic year, and classes have been in session for about three weeks. I want to say how nice it is to be surrounded by the rhythms of academic life--papers to be written, quizzes to be graded and department potlucks to be attended. I've often thought that one of the main symbols of our academic life especially for young faculty or grad students--is a covered casserole dish.

"Perhaps more than any other year, we have all welcomed this return to normalcy and the energy that the students bring to campus.

"It seems that at least one administrator thought school looked like so much fun, he decided to return to the classroom as well. Bill Mahon will be stepping down from his position as vice president for University Relations later this year. He has accepted a faculty position in the College of Communications beginning in the upcoming spring semester. Much as we'll miss him, I couldn't be more pleased for our students and faculty. Bill will contribute a truly unique set of experiences in public relations and journalism, as well as leadership in internal and external communications and social media.

"Notably, Penn State's social media initiatives were recently ranked No. 1 in the country, according to an assessment of 1,600 schools.

"In addition, *U.S. News & World Report* ranks Penn State among the Top 50 Best National Universities. Our reputational ranking is also outstanding. This year, Penn State moved ahead two places to 36th place. We'll have a chance to thank Bill later, but let's take a moment to recognize him now. [Applause]

"We won't have the final numbers for the incoming class until later this fall, but I had the opportunity to welcome a very enthusiastic group of students at the President's New Student Convocation, and they turned out in record numbers for Be a Part from the Start the next day.

"At this point, we're fairly confident that our final new student enrollment at University Park will be just over 7,700, which will be a 120 student increase over last year's incoming class. The numbers for the Commonwealth Campuses are still changing, but we do expect to be down somewhat from last year.

"It's also not too early to think about next year's class, and it's very clear that high school seniors are thinking about us. We opened the application window on September 1st and almost immediately about 1,000 students pushed the send button to submit their application. This is fairly typical behavior of ambitious, college-bound seniors, and we will certainly keep you updated throughout the year.

"This September also saw the launch of a new way to celebrate all that is right about Penn State. *Faces of Penn State* showcases the personal accomplishments, public contributions and pioneering spirit resulting from the Penn State experience, education and community.

"The students, faculty, staff, administrators, alumni and local community members featured in the campaign embody Penn State's values of teaching, research and service, and have achieved significant personal or professional achievements.

"The campaign will select individuals on a rolling basis throughout the academic year and highlight their stories on faces.psu.edu. Since its launch, the page has had more than 4,100 visitors. Let's look at a brief introduction to this campaign now. [Video shown]

"With that theme in mind, I have few people I'd like to recognize today.

"First, I'm very pleased that Evan Pugh Professor Bruce Logan could join us to receive his medal. The title of Evan Pugh Professor is the highest honor that can be bestowed upon a faculty member of our University and is given to faculty whose research, publications and creative work are of the highest quality; who are acknowledged national and international leaders in their fields; who are involved in pioneering research or creative accomplishments; and who demonstrate excellent teaching skills. Bruce, can you please join me at the podium? I'd also like to ask Provost Rob Pangborn to join us as well.

"Dr. Logan joined the Penn State faculty in 1997. His research has focused on the sustainability of the water infrastructure and the production of electricity from biomass to help provide energy for the needs of water infrastructure. He specializes in microbial fuel cells, biological hydrogen production and new methods of renewable energy production.

"Dr. Logan received his doctorate from University of California, Berkeley. He is a Fellow of the Water Environmental Federation and International Water Association. Dr. Logan received the Athalie Richardson Irvine Clarke Prize for his research in water science and technologies in 2009. Congratulations! [Medal presented]

"Also with us today is Chris Staley, the Penn State Laureate for 2012-13. Chris is a ceramic artist and distinguished professor of art, and his work is included in collections around the world. He is also a gifted and visionary teacher, who has been reaching out to the community with a series of videos on YouTube. So far, he has discussed whether you can teach creativity - the answer is yes by the way. And recently he addressed How do you Grade Art?, which attempts to explain why some paintings that look like your child did them are hanging on museum walls. I encourage you to go online to watch the video; you'll see there are good reasons! During Chris's laureate year, he plans to visit many of the Commonwealth Campuses, and he'll be delivering a lecture at an upcoming Penn State Forum. Chris, can you please stand to be recognized? Please join me in thanking Chris Staley for sharing his talents with the Penn State community. [Applause]

"As a direct result of our outstanding faculty, Penn State's research enterprise continues to show robust growth. Over the last decade, our research expenditures have doubled to reach more than \$807 million last year. That is quite a feat and a credit to Hank Foley, our vice president for research, and our terrific faculty given the fiscal challenges that have faced our economy, the federal agencies and other funding sources. It also is a confirmation of the value of the research being conducted across our great university.

"Consider a few examples:

"Penn State's Applied Research Lab was just awarded a \$48 million contract through the Defense Advanced Research Agency to lead an effort to streamline the design and manufacture of U.S. Department of Defense equipment, including weapons and other complex systems. This project has the potential to revolutionize the design and building process for complex defense systems and to significantly shorten the time from prototype to field use. ARL will lead a team comprised of commercial, military and academic partners.

"Last week, Penn State was named as one of four universities who will collaborate on a national nanotechnology research effort to help develop self-monitoring health devices. This effort will be supported by an \$18.5 million National Science Foundation grant, and it has the potential to transform health care by improving the way doctors, patients and researchers gather and interpret important health data.

"The Penn State team includes faculty from the Colleges of Engineering, Earth and Mineral Sciences, Education, and Health and Human Development, with Tom Jackson, Penn State professor of electrical engineering, serving as the center's research director.

"The National Science Foundation has also recognized Penn State with a \$3 million IGERT grant to support innovative Big Data Social Science training for future researchers.

"Political scientist Burt Monroe will lead a multi-disciplinary team from the Colleges of the Liberal Arts, Information Sciences and Technology, Earth and Mineral Sciences, Health and Human Development, and Engineering to develop new curricula and training in advanced technologies of data science and analytics.

"There will also be a challenge mechanism, under which interdisciplinary teams compete to innovate solutions to real social data analytics problems. IGERTs are scarce, and this is only the second in Penn State's history.

"Another research area where Penn State continues to make new discoveries is in the deepest seas.

"Iliana Baums, assistant professor of biology, recently validated a hypothesis developed by Darwin in 1880. Darwin believed that most species could not cross the Eastern Pacific marine barrier, and Dr. Baums's study is the first comprehensive test of that hypothesis using coral. Her work has important implications for climate change research, species-preservation efforts, and the economic stability of the eastern Pacific region.

"Another seafaring researcher, Professor of Biology Charles Fisher, was recently honored with the Excellence in Partnership Award by the National Oceanographic Partnership Program for his work in the Gulf of Mexico.

"And here's one more noteworthy award. Suzanne Shontz, assistant professor of computer science and engineering, was among 96 researchers named by the White House as recipients of the Presidential Early Career Awards for Scientists and Engineers. This is the highest honor bestowed by the U.S. Government on science and engineering professionals in the early stages of their research careers.

"This fall, people everywhere will see 'Why We Dance,' a 60-minute documentary on THON. Created by Penn State Public Broadcasting, this project chronicles the student-run philanthropy, and the children, families and students who are changed by the experience. The premier will take place this afternoon at the Hershey Theatre, and over the next several weeks, this video will be shown to a wide range of audiences.

It will also be broadcast throughout Pennsylvania on September 27th and will be available online and through Comcast on Demand.

"Before I show the short video trailer, I wish to introduce some of the people responsible for the project. Would the following people please stand: Craig Weidemann, vice

president for outreach, Jeff Hughes, executive producer, Cole Cullen, producer and director, and Laura Miller, marketing strategist. Please join me in recognizing their dedication and excellent work. [Applause]

"Now let's watch the trailer. [Video shown]

"This week also saw the first Career Days of this year. We had more than 500 employers attend the 3-day long event and interview thousands of students.

"As you can see from this slide, our fall career days are just one of a vast number of career fair offerings over the course of a typical year.

"We have also been encouraged by the fact that prominent employers are targeting Penn State as one of their top tier schools for recruitment.

"What's more, at Penn State the Career Days are just the tip of the iceberg in terms of career assistance for students.

"Penn State Careers Services offers student resume databases and job postings, on-campus interviewing, employer partner programs, access to career programs for Commonwealth Campus students, and graduate follow-up surveys. All of this supports Penn State's No. 1 ranking among career recruiters and the recent Princeton Review ranking that placed our Career Services at the No. 2 spot in the nation.

"One upcoming event that has received national attention is 'The Child Sexual Abuse Conference: Traumatic Impact, Prevention and Intervention.' Organized by the Penn State Justice Center for Research and Penn State Outreach, the Conference will convene some of the nation's top experts in child sexual abuse and child trauma research, prevention, and treatment for a public forum on this nationwide problem. Speakers will include Sugar Ray Leonard and Elizabeth Smart, both of whom suffered sexual abuse as children.

"The response has been excellent and registration is now full. I would like to introduce the organizers of the conference, and ask that they please stand. From the Penn State Justice Center, we have Doris MacKenzie, who serves as director, and Kate Staley, who conducts research. Pam Driftmier is Director of Conferences at Penn State Outreach. Please join me in thanking them for planning this important conference. [Applause]

"Thank you.

"Also I'm pleased to announce that Benjamin Levi, professor of pediatrics and humanities, has assumed the directorship of the Center for the Protection of Children at Penn State Hershey Children's Hospital. Dr. Levi is a practicing pediatrician and highly published expert in the area of mandated reporting of suspected child abuse. He will focus on development of the Children's Hospital clinical program for child protection, a program integral to the center's mission to improve the detection, treatment and prevention of child abuse.

"Moving on to community news, I want to say how much I enjoyed participating in the fifth annual LION WALK this year. This is a joint initiative between Penn State and the Borough. Over the course of the evening more than 150 volunteers reached out to residents in more than 700 homes. Our message of 'We are...one community,' was well received by all--especially when it was delivered by the Nittany Lion, who had gifts for the students! Joining us were State College Borough Chief of Police Tom King, State College Mayor Elizabeth Goreham, Tom Poole, Damon Sims, along with many other Penn Staters.

"Another annual tradition is Ag Progress Days, which were held in August at the Russell E. Larson Agricultural Research Center at Rock Springs. Although I was not nearly as popular as the rabbits or the go-cart races, it was a great pleasure to speak to a capacity crowd at the annual Government and Industries Luncheon and to celebrate the 150th anniversary of the Morrill Act, which paved the way for land-grant education.

"Last week, I had the pleasure of visiting Penn State Beaver for the dedication of their new Wellness Center. This beautiful project was a true community collaboration made possible through the use of the Beaver campus Student Facility Fee, generous philanthropy, and the commitment of the faculty and staff. Centers such as this further our goal of enhancing the student experience, both in and out of the classroom.

"Later this afternoon, we'll dedicate the 2011 Senior Class Gift, which is a Veterans Plaza in honor of Lt. Michael P. Murphy, Penn State distinguished alumnus and Medal of Honor winner.

"This dedication comes just days after heavily armed militants attacked the U.S. embassy in Benghazi, Libya, killing four Americans.

"One of the fallen was Sean Smith, a Foreign Service information specialist, Air Force veteran, and active World Campus student. Sean was unexpectedly deployed to Libya last week for what was to be one month. His concern, beyond leaving his wife and two children in the Netherlands, was keeping up with his World Campus coursework due to 'power outages and meeting deadlines.'

"Words cannot adequately convey the magnitude of this loss. Sean and his family are in our thoughts and prayers.

"This tragedy is a solemn reminder of the importance of honoring our veterans and those who risk their lives in service of our country. I hope you will join me at 5:30 at the Plaza behind Old Main as we recognize the many veterans and military families who have served our nation with courage and fortitude.

"Moving on to Athletics. This season, our athletes continue to show their commitment, pride and unity through their actions and support for one another. Penn State has 800 student-athletes and 31 varsity sports, but just *one team*. This is evidenced by the camaraderie among the coaches, the athletes and the community. As Bill O'Brien said, 'We're one team. We should be able to support our coaches and student-athletes in every sport, no matter where they play.'

"That was certainly the case for the women's soccer home opener against No. 1 ranked Stanford. The match attracted an overcapacity crowd of 5,117 spectators, which smashed the previous mark of 3,912. The game was a heartbreaker for the Nittany Lions, but the fans were treated to a thrilling competition.

"There will be more action to come this season with star players like juniors Maya Hayes and Taylor Schram. Last weekend, Maya and Taylor were in Japan, playing in the U20 World Cup with the USA Team. They helped their team win an upset victory over Germany to claim the World Cup. Both of these women are phenomenal players, and they're currently back at Penn State--just in time to host Wisconsin on Sunday.

"Penn Staters also made their mark in the ultimate international competition--the Olympics. A total of five Penn State alums earned medals at this year's games, and a school record 17 Penn Staters represented their school and countries. Medal winners include: Megan Hodge and Christa Harmotto, who won silver for Women's Volleyball; Erin McLeod and Carmelina Moscato, who earned bronze for Team Canada's soccer, or rather, football team; and Natalie Dell, a 2007 graduate and member of the club-level Penn State rowing squad, who earned a bronze medal for Team U.S.A.

"Finally, I wish to turn your attention to Penn State employees, who loyally support our community members in need through the United Way.

"In the face of difficult economic times and very challenging university times, Penn State employees continue to help others. Centre County United Way is Penn State's 'charity of choice,' and you will find our employees working year-round on ways to raise funds that approach \$1 million dollars for local United Way agencies.

"Trash to Treasure is one of the biggest fund-raisers, but our employees pitch in for Day of Caring, and they come up with other creative ideas as well--like a Dunk-the Dean contest and the Big Burger Challenge, where teams strive to be the first to finish a 15 lb. burger. I've heard that the Physical Plant team usually wins, but then again, they go up against the Penn State Student United Way group, which usually has a vegetarian or two. If any of the trustees want to form a team, contact this year's Penn State United Way chair, Damon Sims.

"Now, please join me in recognizing Damon for his leadership, Chris Brady, who served as last year's chair, along with all faculty and staff who contribute to this worthy charity. [Applause]

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

President Erickson received questions or comments concerning:

- Successful meeting with collegiate Farm Bureau students in the College of Agricultural Sciences by some Ag trustees
- Update on the progress of the Middle States Commission report
- Enrollment at Commonwealth Campuses and overall applications to Penn State
- Recruiting the best and brightest faculty and being able to retain them
- Statistics on demographics of attendees at the upcoming Child Sexual Abuse Conference
- The very high standards that we are working towards with the recent Athletic Integrity Agreement

Public Comment

Seven speakers were present to share their views and visions for the enhancement of Penn State.

1. Patty Kirschner, a supporter of the University, spoke on the Update on the Status of the Implementation of the Freeh Recommendations
2. Aaron Dillen, a current student at Penn State, also spoke to the Update on the Status of the Implementation of the Freeh Recommendations
3. Deborah Beidel, an alumna of Penn State, addressed the topic of the Center for the Protection of Children
4. David Young, an alumnus of the University, asked to speak to two topics, first the Committee on Legal and Compliance; and second, the Committee on Governance and Long-Range Planning
5. Chloe House, an alumna, and parent of a Child at the Childcare Center at Hort Woods requested to share her thoughts on the Proposed Renaming
6. Cecelia Masella, an alumna, asked to speak to the NCAA Sanctions
7. Susan Dieterich, an alumna, also asked to speak to the Update on the Status of the Implementation of the Freeh Recommendations

Chair Peetz thanked all for their participation and support of Penn State.

Update on the Status of the Implementation of the Freeh Recommendations

Vice Chair Masser discussed a matrix with all of the recommendations and implementation of the matrix will be the responsibility of the Board of Trustees Response Team and the Administrative Response Team. An Advisory Council is being established to provide input from various constituent groups. The process is underway for selection of an external Project Management Team to track recommendation implementations. David Gray reported that diligent work and significant strides have been made on the implementation of recommendations. Some recommendations completed to date include 1) hiring of a full-time Clery Act Compliance Coordinator, 2) providing Clery Act training for employees, 3) instituting a new policy to limit access to athletic facilities, 4) providing additional resources for the University's Athletic Compliance Office, and 5) restructuring the Board of Trustees to ensure stronger governance of the University and more communication with constituencies.

Reports from Standing Committees

A. Committee on Academic Affairs and Student Life

Chair Alexander reported that a quorum of the Committee on Academic Affairs and Student Life was present with the following members in attendance: Alexander (chair), Khoury (vice chair), Peetz and Erickson (ex officio), Hayes, McCombie, Taliaferro, and Tomalis.

Chair Alexander reported that since the last meeting, the Committee had an opportunity to 1) meet with officers of the University Faculty Senate, 2) meet with last year's Administrative Fellows and hear about their experiences, 3) receive a report from a team that drafted a Sustainability Plan to assess existing sustainability efforts and to develop a Strategic Plan that would allow Penn State to maximize the impact of these efforts, and 4) review progress on several of the Freeh Report recommendations and other ongoing projects. There were no recommendations for action to present to the Board of Trustees.

B. Committee on Audit and Risk

Chair Surma reported that a quorum of the Committee on Audit and Risk was present with the following members in attendance: Surma (chair), Deviney (vice chair), Peetz (ex officio), Eckel, Lubert, Masser, and Strumpf.

Chair Surma reported that since the last meeting, the Committee had an opportunity to 1) review and update the Committees guidelines, 2) update on the joint protocol between audit staff of the Milton S. Hershey Medical Center and the University, 3) acknowledgment of the code of ethical business behavior by senior administration, 4) discussion about the Risk Management Summary with University Risk Management staff, 5) update from the Financial Management of the University on the current status of the audit of University Financial Statements for the year ending June 30, 2012, and 6) receive a report from Internal Audit about operational, financial and information technology audits. There were no recommendations for action to present to the Board of Trustees.

C. Committee on Finance, Business and Capital Planning

Chair Strumpf reported that a quorum of the Committee on Finance, Business and Capital Planning was present with the following members in attendance: Strumpf (chair), Silvis (vice chair), Peetz and Erickson (ex officio), Clemens, Cotner, Dambly, and Hintz.

Chair Strumpf reported that since the last meeting, the Committee had the opportunity to receive information on 1) reports regarding the 2013-14 Appropriation Request, 2) Capital Budget Requests to the State, 3) updates on the Data Centers, Natatorium and Tennis projects, 4) the work of the Budget Planning Task Force, 5) Freeh Report recommendations, and 6) an update from the Subcommittee on Human Resources.

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 14, 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 Blake Gall and Edward R. Hintz, Jr., non-University employees, are appointed to the Penn State Investment Council for terms ending in 2015.
4. 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 2013-2014 in the amount of \$289,548,000.
5. RESOLVED, That the final plans for the West Campus Chilled Water Plant Chiller as designed by the firm of Trefz Engineering, Inc. of Horsham, Pennsylvania, are approved.

FURTHER BE IT RESOLVED, That authorization to award contracts to construct the project be approved at a cost of \$16,200,000.

The Board voted to approve the action items as recommended by the Committee on Finance, Business and Capital Planning. Trustees Greig and Tomalis abstained from voting on Action Item C.4. [The Committee on Finance, Business and Capital Planning voted to table the agenda item regarding the proposed renaming of the Child Care Center at University Park.]

The Committee received the following items for information:

1. Centralized Biological Laboratory Electrical Service Upgrades, University Park
2. Naming of Rooms, Portions of Buildings and Plazas
 - a) Name the current Learning Center, W117 Olmsted Building, as well as the Spiritual Center and Learning Center (which will be relocated from Olmsted Building) at Penn State Harrisburg in the proposed Student Enrichment Center in recognition of a gift from Russell E. Horn, Sr. The recognition plaques should read: *Russell E. Horn, Sr. Learning Center, Russell E. Horn, Sr. Spiritual Center*
 - b) Name the first floor conference room in the Sheetz Center for Entrepreneurial Excellence, Penn State Altoona, in recognition of a commitment from the Ward Foundation. The recognition plaque should read: *Ward Conference Room from Ward Trucking Employees*
3. Sale of Property at 1275 Penfield Road, State College
4. Status of Major Construction Programs and Borrowing
5. Capital Budget Request for Fiscal Year 2013-2014
6. Summary and Designation of Gifts Received by the University
7. Investment Review of Endowment and Similar Funds as of June 30, 2012
8. A photo report on the progress of selected construction projects was presented including: 1) Biobehavioral Health Building, University Park, 2) South Halls Renovation, Phase I, University Park, 3) Parking Lot, Penn State New Kensington, 4) Track and Field Facility and Multi-Purpose Athletic Field, Penn State Erie, The Behrend College, 5) eleven laboratory renovations across the University, 6) Wellness Center, Penn State Beaver, 7) Breazeale Nuclear Reactor upgrades, University Park, 8) thirty-two classroom renovations, University Park and other campuses, 9) McKean Road upgrades, University Park, 10) Curtain Road upgrades, University Park, 11) Bicycle parking improvements, University Park, and 12) Port Sky Café renovations, Penn State Altoona.

D. Committee on Governance and Long-Range Planning

Chair Broadhurst reported that a quorum of the Committee on Governance and Long-Range Planning was present with the following members in attendance: Broadhurst (chair), Surma (vice chair), Peetz and Erickson (ex officio), Clemens, Masser, Myers and Shaffer.

Chair Broadhurst reported that since the last meeting, the Committee had an opportunity to discuss 1) details of the Presidential Search Process and Timeline, 2) Board of Trustees Retreat in January and the Self-Assessment Process, 3) discussion of vacancies in Board membership, 4) progress on the Freeh Report recommendations, especially policies on establishment and enforcement of rules regarding public and press statements made by Board and Emeriti members regarding confidential University matters, and a policy on violations in the code of conduct--this will be developed in conjunction with General Counsel Dunham and his staff-- and 5) discussion of the format of the Public Comment session during our meetings. There were no recommendations for action to present to the Board of Trustees.

E. Committee on Legal and Compliance

Chair Eckel reported that a quorum of the Committee on Legal and Compliance was present with the following members in attendance: Eckel (chair), Lubert (vice chair), Peetz and Erickson (ex officio), Deviney, Greig, Masser, and Surma.

Chair Eckel reported that since the last meeting, the Committee had an opportunity to discuss 1) creation of Operating Guidelines and 2) receive an update from General Counsel. It was noted by Vice President and General Counsel that since the last report of the Committee in July, one additional civil claim was filed, so there are now two lawsuits and two writs. The University Legal Team continues to work with the PA Attorney General, the U.S. Attorney and the Department of Education Clery Act investigation, giving them our full cooperation. It was also noted that pending insurance litigation continues. The Subcommittee on Legal continues to meet weekly. There were no recommendations for action to present to the Board of Trustees.

F. Committee on Outreach, Development and Community Relations

Chair Dambly reported that a quorum of the Committee on Outreach, Development and Community Relations was present with the following members in attendance: Dambly (chair), Suhey (vice chair), Peetz and Erickson (ex officio), Allan, Deviney, Huber, and Lubrano.

Chair Dambly reported that since the last meeting, the Committee had an opportunity to discuss 1) development of a Crisis Management Plan, 2) discussion with the Edelman Group on the Going Forward Plan and the Faces of Penn State program, and 3) discussion of the Freeh Report recommendations. There were no recommendations for action to present to the Board of Trustees.

Approval of the Intellectual Property Policies

The Board of Trustees voted to adopt the following resolution:

RESOLVED, That the Board of Trustees approves the changes to the University's intellectual property policies as presented at its meeting on September 14, 2012.

Announcement by the Chairman of the Board of Trustees

Chairman Peetz in her remarks:

- Reminded all of a short Press Conference in the Mt. Nittany Room following the meeting
- Thanked trustees for their stewardship and commitment to the University through these past months of meetings, issues and phone calls

The meeting adjourned at 4:45 p.m.

Respectfully submitted,

Paula R. Ammerman
Associate Secretary
Board of Trustees