



## The Pennsylvania State University Board of Trustees Public Meeting

Friday, May 7, 2021  
1:30 pm

Dean's Hall, The Penn Stater Hotel and Conference Center  
and via ZOOM

1. **Chair Welcome/Remarks**
2. **Call to Order**
3. **Consent Action Items [attached]**
  - a) Approval of *Minutes* from February 19, 2021 and April 13, 2021 Meetings
  - b) Approval of Proposed Appointment/Reappointment of Directors for the Penn State Health Board

**Governance and Long-Range Planning:**

  - c) Approval of Proposed Appointment/Reappointment of Directors to the Penn State Health Milton S. Hershey Medical Center Board

**Legal and Compliance**

  - d) Proposed Acquisition of an Off-Premise Catering Permit issued through the Pennsylvania Liquor Control Board (PLCB) for the Bryce Jordan Center
- 4) **Other Action Items [attached]**

**Governance and Long-Range Planning:**

  - a) Proposed Approval of Amendment to Penn State University *Bylaws*

**Finance, Business and Capital Planning:**

  - b) Proposed Final Plan Approval and Authorization to Expend Funds, Engineering Research and Teaching Space 1, University Park
  - c) Proposed Final Plan Approval and Authorization to Expend Funds, Palmer Museum of Art, University Park
  - d) Consideration of Proposed Interim Maintenance and Operating Budget for the University for the Fiscal Year Beginning July 1, 2021
  - e) Proposed Purchase of 129, 133-139 North Barnard Street, Borough of State College
  - f) Proposed Sale of 140 Sipe Avenue, Derry Township, Dauphin County

**Other:**

  - g) Election of Student Trustee [GLRP]
  - h) Election of Academic Trustee [GLRP]
  - i) Election of Trustees Representing Business and Industry Endeavors
  - j) Election of At-Large Trustee
- 5) **President's Report and Discussion**
- 6) **Informational Report on the University Faculty Senate**
- 7) **Report of Elections**
  - a) Report on Election of Trustees by the Alumni

b) Report on Election of Trustees by Agricultural Delegates

8) **Closing Remarks/Announcements**

**05/7/2021 Consent Action Items**

- a) **Approval of Minutes from February 19, 2021, and April 13, 2021 Meetings**
- b) **Approval of Proposed Appointment/Reappointment of Directors for the Penn State Health Board**

Penn State Health is the non-profit corporation established by the Board of Trustees for the purpose of holding and managing components of the health care enterprise controlled by the University, including the Penn State Health Milton S. Hershey Medical Center.

The Board of Directors of Penn State Health is currently comprised of fifteen directors, ten of whom are appointed by the Board of Trustees. It is proposed to reappoint the ten individuals currently serving as directors for an additional one-year term ending June 30, 2022.

Will the Board of Trustees adopt the following resolution:

RESOLVED, That the following individuals be appointed/reappointed to the Board of Directors of Penn State Health for a one-year term commencing on July 1, 2021:

Eric J. Barron	David C. Han
Timothy P. Brown	Keith E. Masser
Peter M. Carlino	Barry K. Robinson
Kathleen L. Casey	Sara F. Thorndike
Mark H. Dambly	Peter G. Tombros

- c) **Approval of Proposed Appointment/Reappointment of Directors to the Penn State Health Milton S. Hershey Medical Center Board**

Will the Board of Trustees adopt the following resolution:

RESOLVED, That the following individuals are appointed/reappointed to the Board of Directors of Penn State Health Milton S. Hershey Medical Center Board for a term of three years, with a term to commence July 1, 2021 and to expire on the date indicated:

Ms. Kathy Pape – June 30, 2024  
Mr. Peter Tombros – June 30, 2024  
Mr. Tony Farah – June 30, 2024

- d) **Approval of Resolution Deferring the Date for Election of Officers**

According to Section 5.01 of the University Bylaws the election of officers of the Board of Trustees occurs in July. This resolution will defer the officer election process until November of 2021 or July of 2022 dependent upon a vote to amend the University Bylaws to establish November as the month for election of officers. All incumbent officers will continue to hold office until their successors are elected.

Will the Board of Trustees adopt the following resolution:

RESOLVED, that the Board of Trustees will defer the date for election of officers of the Board of Trustees to November of 2021 or July of 2022 dependent upon a vote to amend the University *Bylaws* to establish November as the month for election of officers.

**05/7/2021 Consent Action Items**

**e) Proposed Acquisition of an Off-Premise Catering Permit issued through the Pennsylvania Liquor Control Board (PLCB) for the Bryce Jordan Center**

The Penn Stater and the Nittany Lion Inn currently hold Off-Premise Catering Permits issued through the Pennsylvania Liquor Control Board (PLCB). These permits grant permission to conduct off-premise caterings in which alcohol can be sold to guests of the event. Some examples of these off-premise events would be weddings at the Arboretum, receptions at University buildings, and catered events at the President's residence. There is an annual fee of \$500 for the permit, allowing for 52 individual event permits for the calendar year at no additional charge.

With the repurposing of The Nittany Lion Inn to student housing for the coming year, its liquor license and associated Off-Campus Catering Permit has been put into "safekeeping" with the PLCB. Given the loss of the 52 permits due to the Nittany Lion Inn's repurposing, having an additional 52 event permits at the Bryce Jordan Center will aid Auxiliary and Business Services in providing full-service off-premise catering events.

Will the Board of Trustees adopt the following resolutions:

WHEREAS, The Pennsylvania Liquor Code authorizes the Pennsylvania Liquor Control Board to issue various licenses and permits related to the sale and service of alcoholic beverages, subject to a well-defined set of regulations; and

WHEREAS, It is the desire of The Pennsylvania State University to sell and serve alcoholic beverages under the conditions previously approved by the Board of Trustees; and

WHEREAS, It is the desire of The Pennsylvania State University to file an appropriate application for an additional Off-Premise Catering Permit; and

THEREFORE BE IT RESOLVED, That Sara F. Thorndike, Senior Vice President for Finance and Business/Treasurer and/or Joseph J. Doncsecz, Corporate Controller, or any appropriate designee(s), is/are authorized to execute the application required by the Pennsylvania Liquor Control Board for the additional Off-Premise Catering Permit for the Bryce Jordan Center.

**5/07/2021 Other Action Items**

**a) Proposed Approval of Amendment to Penn State University Bylaws**

The Committee on Governance and Long-Range Planning recommends amendments to the Penn State University *Bylaws*, Article V, Section 5.01(b), to strike July and replace with November for the election of officers as set forth in Appendix I.

Will the Board of Trustees adopt the following resolution:

RESOLVED, That the Penn State University *Bylaws* be amended as set forth and shown in Appendix I.

(Appendix I)

**b) Proposed Final Plan Approval and Authorization to Expend Funds, Engineering Research and Teaching Space 1, University Park**

The design of this new building allows for the co-location of College of Engineering departments of Architectural, Civil/Environmental, and Aerospace Engineering, consistent with the College of Engineering Master Plan. The design includes state-of-the-art multi-disciplinary research and teaching labs, general purpose classrooms, computer labs, office and administration spaces, a library, foodservice, and dedicated student common areas. A dynamic new West Campus quad will be developed with the construction of new College of Engineering buildings.

For 125 years, Penn State Engineering has been a leader in engineering education and research. Since 2008 the College of Engineering's undergraduate population has increased by forty three percent, and the graduate population increased by seven percent, which is more than 12,000 total students. College of Engineering research is more important than ever: research that positively impacts society, across a broad scope of industries and disciplines.

Penn State's engineering facilities have not kept pace with the growth in numbers and complexity of research. Our ability to recruit and retain the best faculty and researchers is significantly impacted by the quality of facilities and will have a long-lasting impact on whether we remain one of the best engineering colleges in the nation and world. The new construction of engineering buildings on West Campus will enhance the University's ability to recruit and retain faculty and researchers and will mitigate nearly \$70 million of maintenance backlog by replacing Hammond Building and the Engineering Units. By building new facilities first, we also omit the costly need for swing space during the decanting and eventual demolition of the older buildings.

Will the Board of Trustees adopt the following resolutions:

RESOLVED, That the final plans for the Engineering Research and Teaching Space 1, as designed by Payette of Boston, Massachusetts, are approved.

FURTHER BE IT RESOLVED, That authorization to expend funds and award contracts to accomplish the project is approved in the amount of \$228,000,000.

**c) Proposed Final Plan Approval and Authorization to Expend Funds, Palmer Museum of Art, University Park**

The Museum of Art at Penn State opened its doors in 1972. The original building on Curtin Road was a functional, no frills structure with three galleries and limited space to store or care for the collection. The building was expanded in 1993 with the Charles Moore designed addition we know

## 5/07/2021 Other Action Items

today. It was then renamed the Palmer Museum of Art in recognition of the leadership gift made by James and Barbara Palmer. At that time, the museum had 3,500 works in the collection. Today, thanks to significant gifts of works of art from the Palmers and hundreds of other donors to Penn State, the museum stewards a collection of just over 10,000 works of art. Though the collection has increased by 185%, the footprint of the building remains the same as it did in 1993, with only three percent to four percent of the collection on public view. The size of the permanent collection alone makes the Palmer Museum one of the largest art museums between Philadelphia and Pittsburgh, and it is the largest academic art museum in Pennsylvania. With its distinguished collections of American art that forms the core strength of the museum's holdings, the Palmer Museum at Penn State is considered one of the best academic museums nationally. The Palmer also organizes national touring exhibitions that enhance the visibility and reach of Penn State, while elevating the arts in the process.

The museum's purpose is to serve the University's land grant mission of teaching, research, and public service. This is achieved by serving as a cultural, educational, and scholarly resource for students and faculty, the local community, and visitors to the region. The museum actively integrates the collection with disciplines across campus and supports and facilitates object-based learning. The museum frequently partners with faculty to organize innovative exhibitions and programs that have curricular and research value. Since 2017, the Palmer Museum has collaborated with faculty from disciplines across the University to develop learning opportunities centered around visual art and museum practice, and to integrate art into coursework that creates meaningful experiences for students and supports teaching goals. Specifically, the museum engages approximately 5,000 Penn State students each year through education programs, tours, lectures, and curriculum integration. Overall, 10,000 Penn State students visit the museum each year. The Palmer has developed programs and curricular connections, including first-year seminars, with a number of departments across nine colleges, including the College of Arts and Architecture, the College of Liberal Arts, and the College of Medicine, which have significant impacts on teaching and research.

The museum also provides undergraduate internships and student volunteer opportunities through the Palmer Student Ambassadors program, as well as graduate assistantships. The museum's goal is to reach every student at Penn State by providing transformative experiences that will make the Palmer a defining piece of a Penn State education and, as outlined in the University's strategic plan, the museum will serve as a preeminent cultural destination.

As the University's art collection continues to grow, the 50,000 gross square foot building continues to age and many building systems are at, or have exceeded, their useful life. The HVAC system and the building envelope struggle to maintain the required conditions and controls and we have experienced significant damage in the existing facility due to water penetration issues. Maintaining the existing systems, while keeping the museum open and the collections on view, is a significant challenge. The new facility will provide an opportunity to conduct major maintenance on the existing facility, enabling the University to repurpose the facility for educational needs, like additional general-purpose classrooms on core campus.

The project constructs a new 71,000 gross square foot facility and will increase the exhibition, collections, and much-needed education spaces along with space for visitor services and administrative offices for both the Palmer Museum and the Arboretum. The completion of this project will greatly expand student, faculty, and public access to the University's art collection by increasing the works on view from 3-4% to 7-8%, the industry standard. The design of the building will express and fulfill the goal of integration with the natural setting of the Arboretum. The new Palmer Museum of Art at the Arboretum will create a dynamic cultural center for the twenty-first century and elevate Penn State's academic art museum as one of the leading facilities of its kind. With this new building, the Palmer Museum will be able to fulfill its mission to serve as a cultural, educational, and scholarly resource for Penn State students and faculty, will strengthen the

## 5/07/2021 Other Action Items

connection with the broader community, will enhance the visibility of Penn State, and benefit the experience for all.

Will the Board of Trustees adopt the following resolutions:

RESOLVED, That the final plans for the Palmer Museum of Art, as designed by Allied Works Architecture of Portland, Oregon, are approved.

FURTHER BE IT RESOLVED, That authorization to expend funds and award contracts to accomplish the project is approved in the amount of \$85,000,000.

### d) **Consideration of Proposed Interim Maintenance and Operating Budget for the University for the Fiscal Year Beginning July 1, 2021**

In order for the University to have an approved fiscal operating plan for the year beginning July 1, 2021, it is proposed that an interim budget be adopted.

Due to the pending status of the State appropriation, it is recommended that no action be taken at this time on changes in tuition, salaries and wages, employee benefits, or other necessary expense increases. A final budget will be submitted at the July 16, 2021 Board of Trustees meeting when the State appropriation is clarified.

Will the Board of Trustees adopt the following resolution:

RESOLVED, That pending adoption of a new budget to reflect clarification of the amount and form of the State appropriation, and subsequent decisions regarding the amount of tuition charges, adjustments to salaries, wages, and employee benefits, and provisions for fuel and utilities and other cost increases, the Board of Trustees approves continuation for the interim period beginning July 1, 2021, total budget amounts at the level of the adjusted 2020-21 budget as follows:

	<u>University Park and Other Locations</u>	<u>Pennsylvania College of Technology</u>	<u>Total University</u>
General Funds	\$ 2,628,366,880	\$ 112,032,000	\$ 2,740,398,880
Agricultural Federal Funds	35,124,000		35,124,000
Restricted Funds	780,144,000	14,819,000	794,963,000
Auxiliary Enterprises <sup>a</sup>	436,501,000	29,786,000	466,287,000
Total	\$ 3,880,135,880	\$ 156,637,000	\$ 4,036,772,880
Penn State Health System			2,951,000,000
Total Funds			\$ 6,987,772,880

<sup>a</sup> Includes increase in room and board charges as approved by the Board of Trustees, April 13, 2021.

**5/07/2021 Other Action Items**

**e) Proposed Purchase of 129, 133-139 North Barnard Street, Borough of State College**

The University proposes to acquire 0.66 acres of land at 129, 133-139 North Barnard Street in the Borough of State College, Centre County. The property is located adjacent to University property on North Atherton Street. The intent is to assemble the parcel with adjoining University-owned property.

Will the Board of Trustees adopt the following resolutions:

RESOLVED, That the Board of Trustees approves the acquisition of 129, 133-139 North Barnard Street, Borough of State College, Centre County, Pennsylvania, comprised of 0.66 acres, from Veterans Club of State College, Inc. for an amount not to exceed \$2,800,000.

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

**f) Proposed Sale of 140 Sipe Avenue, Derry Township, Dauphin County**

In June 1987, the University acquired a 1.21-acre property, including a 2-story 21,439 square-foot structure near the Penn State College of Medicine and Penn State Health Milton S. Hershey Medical Center Campus, located at 140 Sipe Avenue, Derry Township, Dauphin County. At the time, the purchase provided expansion opportunities for Campus's Information Services/Information Technology unit.

The building is currently vacant, and the University has no future need for the property. The sale price is \$1,025,000.

Will the Board of Trustees adopt the following resolutions:

RESOLVED, That the Board of Trustees approves the sale of 1.21 acres with improvement located at 140 Sipe Avenue, Derry Township, Dauphin County, to RED 4G Marketing Solutions, LLC d/b/a RED 5G in the amount of \$1,025,000.

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

**g) Election of Student Trustee**

**h) Election of Academic Trustee**

**i) Election of Trustees Representing Business and Industry Endeavors**

**j) Election of At-Large Trustee**



AMENDED AND RESTATED

BYLAWS

of

THE PENNSYLVANIA STATE UNIVERSITY

Adopted May 6, 2016

Amended November 4, 2016

Amended July 21, 2017

Amended November 10, 2017

Amended May 3, 2019

Amended November 15, 2019 Amended May 8, 2020

Amended September 18, 2020

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# THE PENNSYLVANIA STATE UNIVERSITY

## Amended and Restated Bylaws

### ARTICLE I

#### NAME AND PURPOSE

**Section 1.01 Name.** The name of the corporation is The Pennsylvania State University (hereinafter referred to as the “University”), existing under the Pennsylvania Nonprofit Corporation Law of 1988.

**Section 1.02 History.** The University was created as the Farmers’ High School by special act of the Pennsylvania legislature on February 22, 1855. The name of the institution has been changed successively to the Agricultural College of Pennsylvania in 1862, the Pennsylvania State College in 1874 and The Pennsylvania State University in 1953. On August 28, 1878, after the enactment of Pennsylvania’s first corporation law, and pursuant to the provisions thereof, the institution elected to be subject to such corporation law and thereafter, has been existing under such law, as such law has been amended, supplemented and modified from time to time.

**Section 1.03 Purpose.** The University was formed in 1855 as an institution for the education of youth in the various branches of science, learning and practical agriculture, as they are connected with each other. The University currently exists as a multi-campus public research university that educates students from Pennsylvania, the nation and the world, and improves the wellbeing and health of individuals and communities through integrated programs of teaching, research, and service.

## ARTICLE II

### TRUSTEES

**Section 2.01 Number, Election and Term of Office.** The affairs of the University shall be managed by a Board of Trustees.

(a) The number of Trustees which shall constitute the full Board of Trustees shall be fixed at thirty-eight (38), as set forth herein.

(i) Ex Officio Voting Members. The Secretary of Education, the Secretary of Agriculture and the Secretary of Conservation and Natural Resources shall be *ex officio* voting members of the Board of Trustees.

(ii) Ex-Officio Non-Voting Members. The Governor of the Commonwealth of Pennsylvania and the President of the University shall be *ex officio* non-voting members of the Board of Trustees.

(iii) Members Appointed by the Governor. Six voting members of the Board of Trustees shall be appointed by the Governor of the Commonwealth of Pennsylvania.

(iv) Members Elected by the Alumni. Nine voting members of the Board of Trustees shall be elected by the alumni and former students of the University.

(v) Members Elected by Agricultural Organizations. Six voting members of the Board of Trustees, who shall be members of and represent organized agricultural societies and associations, shall be elected by three delegates from each county in the Commonwealth representing organized agricultural societies or associations of the said county.

**(vi)** Members Elected Representing Business and Industry. Six voting members of the Board of Trustees representing business and industry endeavors shall be elected by the Board of Trustees.

**(vii)** A Member Elected Representing the Student Body. In May 2015 and bi-annually thereafter, a voting member of the Board of Trustees representing the student body (the “Student Trustee”) shall be elected by the Board of Trustees.

**(viii)** A Member Elected Representing the Faculty. In May 2015 and every three years thereafter, a voting member of the Board of Trustees representing the faculty shall be elected by the Board of Trustees.

**(ix)** A Member Representing the Penn State Alumni Association. Commencing July 1, 2015, and bi-annually thereafter, the immediate past President of the Penn State Alumni Association shall become an *ex officio* voting member of the Board of Trustees.

**(x)** At-Large Members Elected by the Board of Trustees. In May 2015 three at-large voting members shall be elected by the Board of Trustees. Thereafter, one at-large voting member shall be elected annually by the Board of Trustees.

**(b)** Each Trustee shall serve for a term of three (3) years, except that the Student Trustee and the Trustee who serves ex-officio as the immediate past President of the Penn State Alumni Association shall each have a two (2) year term. No individual may serve as a Trustee for more than a total of twelve years, whether or not in consecutive terms; provided, however, that

(i) Any Trustee who has served for twelve years or more as of November 15, 2019 may complete the term for which such Trustee was most recently elected or appointed but shall not be eligible

for subsequent election or appointment as a Trustee; (ii) Any Trustee as of November 15, 2019 whose next reelection or reappointment would cause such Trustee, if such Trustee serves for the entirety of such new term, to exceed twelve total years of service may complete the term for which such Trustee is reelected or reappointed but shall not be eligible for subsequent election or appointment as a Trustee; and (iii) this subsection (b) shall not apply to any Trustee who serves in an *ex officio* capacity. Trustees shall be separated into three groups of substantially equal number so that the terms of one third of the Trustees shall expire each year. Each Trustee shall serve until his or her term expires, and thereafter until such Trustee's successor is duly elected or appointed, or until such Trustee's earlier death or resignation.

**Section 2.02 Qualifications for Membership. (a)** Members of the Board of Trustees shall be natural persons of full age who need not be residents of the Commonwealth of Pennsylvania. A person who is employed in any capacity by the University shall not be eligible to serve as a member of the Board of Trustees. This qualification for membership shall not apply to a person who is an *ex officio* member of the Board of Trustees, a trustee elected pursuant to Section 2.01(a)(viii), or to a person who is a student employed part-time by the University. A person shall not be eligible to serve as a member of the Board of Trustees for a period of five (5) years from the July 1 coincident with or next following the date of (a) last employment in any capacity by the University or (b) the last day of such person's employment with the Commonwealth of Pennsylvania as Governor, Lieutenant Governor, Attorney General, Auditor General or State Treasurer. This qualification for membership shall not apply to a person who is an *ex officio* member of the Board of Trustees, nor to a person who is a student employed part-time by the University. Only graduates of The Pennsylvania State University who shall have received an associate degree, a bachelor's degree, or an advanced degree from the University shall



be eligible to serve as a trustee elected by the alumni. No member of the faculty or the governing board of any other college or university in Pennsylvania shall be eligible to serve as a trustee elected by the alumni.

(b) The Student Trustee shall be a full-time undergraduate, graduate or professional student, in good academic standing and in a degree seeking program at the University.

**Section 2.03 Removal.** Any member of the Board of Trustees other an *ex officio* member may be removed from his or her position as a Trustee in accordance with this Section 2.03.

(a) Any Trustee who believes that another Trustee has breached his or her fiduciary duty to the University shall raise the issue with the Chair of the Board of Trustees or the chairperson of the committee on governance and long-range planning.

(b) Removal of a Trustee shall require a joint proposal to the Board of Trustees by the chairperson of the Board of Trustees and the chairperson of the committee on governance and long-range planning that the Board of Trustees take action to remove a Trustee on the basis that the Trustee has breached his or her fiduciary duty to the University. Such joint proposal shall be furnished in writing to each member of the Board of Trustees not less than 30 days prior to the meeting of the Board of Trustees at which such matter is to be considered. Removal shall require the determination of not less than two-thirds of the Trustees present at a duly called meeting that the Trustee has breached his or her fiduciary duty.

(c) In the event that the Chair of the Board of Trustees or the chairperson of the committee on governance and long-range planning is the subject of a removal action under this Section 2.03, the Vice Chair of the Board of Trustees shall be substituted for such affected Trustee for purposes of this Section 2.03.

**Section 2.04 Regular Meetings; Notice.** Regular meetings of the Board of Trustees shall be held at such time and place as shall be designated by the Board of Trustees from time to time. There shall be at least one (1) regular meeting of the Board of Trustees per year. Notice of such regular meetings shall not be required, except as otherwise expressly required herein or by law, and except that whenever the time or place of regular meetings shall be initially fixed and then changed, notice of such action shall be given promptly by telephone, facsimile, electronic mail or otherwise to each Trustee not participating in such action. Any business may be transacted at any regular meeting.

**Section 2.05 Annual Meeting of the Board.** One regular meeting of the Board of Trustees shall be designated the annual organization meeting at which the Board of Trustees shall organize itself and elect officers of the University for the ensuing year and may transact any other business.

**Section 2.06 Special Meetings; Notice.** Special meetings of the Board of Trustees may be called at any time by the Chair of the Board or by seven members of the Board of Trustees, to be held at such place and day and hour as shall be specified by the person or persons calling the meeting. Notice of every special meeting of the Board of Trustees shall be given by the Secretary to each Trustee by telephone, facsimile, electronic mail or otherwise at least three (3) days before the meeting unless the meeting is being called in the event of an emergency, in which case as much advance notice shall be given to the Trustees as is practicable under the circumstances. In addition, public notice of any special meeting shall be given as required by law. Except as otherwise provided herein or required by law, any business may be transacted at any special meeting regardless of whether the notice calling such meeting contains a reference thereto.

**Section 2.07 Quorum.** At all meetings of the Board of Trustees, the presence of at least a majority of the voting members of the Board of Trustees in office shall be necessary and sufficient to constitute a quorum for the transaction of business. If a quorum is not present at any meeting, the meeting may be adjourned from time to time by a majority of the Trustees present until a quorum as aforesaid shall be present, but notice of the time and place to which such meeting is adjourned shall be given to any Trustees not present either by facsimile or electronic mail or given personally or by telephone at least eight hours prior to the hour of reconvening.

**Section 2.08 Actions.** Except as expressly provided herein, resolutions of the Board of Trustees shall be adopted, and any action of the Board of Trustees upon any matter shall be valid and effective, with the affirmative vote of a majority of the Trustees present at a meeting duly convened and at which a quorum is present. The Chair, if one has been elected and is present, or if not, the Vice Chair, if present, or if not, a Trustee designated by the Board of Trustees, shall preside at each meeting of the Board of Trustees. The Secretary, or in his or her absence the Associate Secretary, shall be responsible for ensuring that the minutes of all meetings of the Board of Trustees are recorded in some reasonable manner. In the absence of the Secretary and the Associate Secretary, the presiding officer shall designate any person to take the minutes of the meeting. Unless otherwise modified in these Bylaws, the conduct of business in meetings of the Board of Trustees and any committees thereof shall be in accordance with the parliamentary procedures prescribed in Robert's "Rules of Order".

**Section 2.09 Meetings Via Electronic Communication.** Subject to the requirements of any applicable open meeting laws, one or more Trustees may participate in any regular or special meeting of the Board of Trustees or of a committee of the Board of Trustees by means of conference telephone, video conference or similar communications equipment by means

of which all persons participating in the meeting can hear each other. Participation in a meeting in this manner by a Trustee will be considered to be attendance in person for all purposes under these Bylaws.

**Section 2.10 Resignations.** Any Trustee may resign by submitting his resignation to the Secretary. Such resignation shall become effective upon its receipt by the Secretary or as otherwise specified therein.

**Section 2.11 Vacancies.** Vacancies in the membership of the Board of Trustees created by death, resignation, removal or any other reason may be filled by appointment by the Chair of the Board of Trustees for the unexpired term in all cases except memberships reserved for gubernatorial appointment and *ex officio* memberships established by the University's Charter.

**Section 2.12 Compensation; Reimbursement of Travel Expenses.** Members of the Board of Trustees serve as volunteers and shall not be compensated for their services. Upon the request of a Trustee, the University shall reimburse the Trustee's reasonable direct travel expenses, including transportation expenses, incurred while the Trustee was engaged in the discharge of his or her official duties. Reimbursement of travel expenses shall be determined in accordance with the University's travel reimbursement policies in effect from time to time.

**Section 2.13 Certain Meetings.** The Chair of the Board of Trustees may, at his discretion, request that one or more of the non-voting members of the Board of Trustees be excused from any regular or special meeting of the Board of Trustees or any portion thereof.

### **ARTICLE III**

#### **COMMITTEES AND SUBCOMMITTEES**

**Section 3.01 Committees and Subcommittees.** Standing or temporary committees or subcommittees consisting of at least one (1) Trustee may be appointed by the Board

of Trustees from time to time; provided, however, that a temporary committee may not be created for the purpose of acting on any matter appropriate to be acted on by a standing committee or subcommittee thereof. Committees and subcommittees may include non-voting members that are not Trustees of the University. Each such committee and subcommittee shall have and exercise such authority of the Board of Trustees in the management of the business and affairs of the University as the Board of Trustees may specify from time to time.

**Section 3.02 Executive Committee.** The executive committee shall have thirteen (13) members, all of whom shall be voting members. The executive committee shall be composed of the Chair of the Board of Trustees (who shall also be the chair of the executive committee), the Vice Chair of the Board of Trustees, the Chairs of the standing committees, the Chair of the Board of Directors of Penn State Health (or, if such chair is not a voting member of the Board of Trustees, a member of the Board of Directors of Penn State Health who is also a voting member of the Board of Trustees), the immediate past Chair of the Board of Trustees and such number of at-large members, nominated by the committee on governance and long-range planning and elected by the Board of Trustees, as may be necessary to have an executive committee of thirteen (13) members. In addition, the President of the University shall be an *ex officio* non-voting member of the executive committee.

**(a) Purpose of the Executive Committee.** The purpose of the executive committee shall be to transact all necessary business as may arise in the intervals between regular meetings of the Board of Trustees; it being understood that action by the executive committee would not be expected to be taken except in extraordinary circumstances. Notice of any action by the executive committee shall be provided to the Board of Trustees at its next regular meeting.

(b) Meetings of the Executive Committee. Meetings of the executive committee may be called by the Chair of the Board of Trustees or by any three (3) members of the executive committee. No action may be taken by the executive committee without the affirmative vote of at least seven (7) members of the executive committee.

(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 Chair of the executive 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.

**Section 3.03 Standing Committees and Subcommittees.** The Board may adopt standing committees and subcommittees thereof in addition to the executive committee in accordance with the terms of these Bylaws.

(a) Function of Standing Committees and Subcommittees. The purpose of the standing committees and subcommittees is to facilitate consideration of the business and management of the Board of Trustees and of the University, as hereinafter set forth.

(b) Referral of Matters to Standing Committees and Subcommittees. Any matters appropriate for consideration by a standing committee or a subcommittee first shall be referred thereto by the Board of Trustees or the Chair of the Board of Trustees; except that a two-thirds (2/3) vote of the Trustees present at a meeting of the Board of Trustees but in no event by an affirmative vote of less than nine (9) Trustees will permit initial consideration by the full Board of Trustees; provided, however, that any matter referred to and considered by a standing committee or a subcommittee, but upon which the committee or subcommittee makes no recommendation or

report to the Board of Trustees may be brought before the Board of Trustees for consideration at the request of any Trustee.

(c) Matters Appropriate to More Than One Committee or Subcommittee. Except as otherwise provided in these Bylaws, matters determined to be appropriate for consideration by more than one committee or subcommittee may be referred by the Chair of the Board of Trustees to one committee or subcommittee or more.

(d) Final Authority of the Board. Unless otherwise specifically delegated and except as otherwise provided herein, in the Standing Orders or in the approved operating guidelines of any standing committee or subcommittee, authority to act on all matters is reserved to the Board of Trustees, and the duty of each standing committee and subcommittee shall be only to consider and to report or make recommendations to the Board of Trustees upon appropriate matters.

(e) 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. Standing committees shall assume such additional responsibilities as may from time to time be assigned by the Chair of the Board of Trustees.

(f) Standing Committees Established. The following shall be the standing committees of the Board of Trustees:

(i) Committee on Academic Affairs, Research and Student Life. The committee on academic affairs, research and student life shall consist of not less than five (5) appointive members, in addition to the *ex officio* members, and shall consider and report or recommend to the Board of Trustees on matters pertaining to:

(1) the educational policies and programs of the University, including the long range educational development of the University with respect to instruction and continuing education;

(2) the faculty;

(3) the University's research enterprise; and

(4) all phases of student life.

(ii) Committee on Finance, Business and Capital Planning. The committee on finance, business and capital planning shall consist of not less than five (5) appointive members, in addition to the *ex officio* members and shall consider and report or recommend to the Board of Trustees on matters pertaining to:

(1) 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;

(2) endowments, gifts, and fund raising;

(3) the purchase and sale of real estate, master plans, construction, the award of contracts, and the honorific naming of buildings and roads; and

(4) 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.



**(iii)** Committee on Governance and Long-Range Planning. The committee on governance and long-range planning shall consist of not less than five (5) appointive members, in addition to the *ex officio* members and shall consider and report or recommend to the Board of Trustees on matters pertaining to:

**(1)** in fulfillment of its governance responsibilities, providing counsel and advice to the Board of Trustees in matters concerning the development of strategies, policies, and practices that orient, educate, organize, motivate, and assess the performance of trustees.

**(2)** The committee's responsibilities shall also include, but not be limited to:

- a.** reviewing and recommending to the Board any changes to the expectations of membership and code of conduct for all trustees, including trustees emeriti;
- b.** recommending to the Board of Trustees candidates for election to membership on the executive committee;
- c.** recommending to the Board of Trustees proposed Student and Academic Trustees;
- d.** reviewing the service of a Trustee upon retirement and recommending candidates for emeritus status;
- e.** evaluating and making recommendations on committee and subcommittee operating guidelines

and with respect to the working effectiveness of the Board of Trustees and its committees and subcommittees; and

- f.** evaluating, recommending and reporting on the qualifications and skill sets to be considered in the process of nominating board of trustee candidates.

**(3)** in fulfillment of its long-range planning responsibilities:

- a.** charging and supporting the President in leading a strategic planning process, participating in that process, making recommendations to the Board of Trustees with respect to the Strategic Plan, and monitoring its progress; and
- b.** providing oversight of the growth, development, and sustainability of the University for future generations in order to achieve its full potential as one of the world's great universities.

**(iv)** Committee on Audit and Risk. The committee on audit and risk shall consist of not less than five (5) appointive members, in addition to the *ex officio* members, and shall oversee the auditing of the University's financial statements and internal controls as set forth more fully in the operating guidelines of the committee. In fulfilling its responsibility, the committee on audit and risk shall consider and report or recommend to the Board of Trustees on matters pertaining to:

(1) regular and special audits; and

(2) the identification and management of risks including financial, material, and reputational.

(v) Committee on Legal and Compliance. The committee on legal and compliance shall consist of not less than five (5) appointive members, in addition to the *ex officio* members, and shall oversee adherence to laws, regulations, and policies that pertain to University operations. In fulfilling its responsibility, the committee on legal and compliance shall consider and report or recommend to the Board of Trustees on matters pertaining to compliance, oversight and legal issues as legally or otherwise prescribed.

(vi) Committee on Outreach, Development and Community Relations. The committee on outreach, development and community relations shall consist of not less than five (5) appointive members, in addition to the *ex officio* members and shall provide advice and support to, and help inform the public of, the University's efforts to build support among its major constituents, from faculty, staff and students to alumni and donors, business and civic leaders and elected officials. In fulfilling its responsibility, the committee on outreach, development and community relations shall consider and report or recommend to the Board of Trustees on matters pertaining to outreach, development and community relations, including, but not limited to:

(1) Short and long-term communications plans and initiatives that support University priorities and protect and advance its reputation;

(2) Key outreach programs, such as extension and “Invent Penn State” that advance community and economic development priorities;

(3) Fundraising priorities and campaigns, including those that promote access and affordability and ensure academic excellence;

(4) Community and governmental relations activities that help ensure budget and policy decisions meet University needs;

(5) Major alumni association activities; and

(6) Opportunities to showcase the accomplishments of faculty, staff, students and others that merit public recognition.

(vii) Committee on Equity and Human Resources. The committee on equity and human resources shall consist of not less than five (5) appointive members, in addition to the *ex officio* members, and shall consider and report or recommend to the Board of Trustees on matters pertaining to:

(1) Compensation, benefits, performance management, talent management, succession planning and leadership development for the broader University;

(2) Recruitment, enrollment, retention, and graduation of students representing all aspects of diversity;

(3) Enhancement of diversity in the racial, ethnic and gender composition of faculty and staff at all levels;

(4) Accessibility, accommodation, and support for veterans and individuals with disabilities; and

(5) Engagement by the University of qualified diversity business enterprises, including minority- and women-owned businesses, as suppliers of goods and services.

(g) Selection of Committee Members. Members of the standing committees and subcommittees, and the chairperson and vice chairperson thereof, shall be appointed by the Chair of the Board of Trustees. The Chair and, in his or her absence, the Vice Chair of the Board of Trustees shall be an *ex officio* member of all standing committees, of all special committees and of all subcommittees. No Trustee shall serve as chairperson of any standing committee for more than five (5) consecutive years, except as specifically approved by a two-thirds vote of the Board of Trustees.

(h) Term of Committee Members. Committee members shall serve until their successors are appointed in accordance with this Bylaw.

(i) Vacancies on Standing Committees. Vacancies on all standing committees shall be filled through appointment by the Chair of the Board to serve the unexpired term created by the vacancy.

(j) Consultation with Constituent Groups. Standing committees shall seek consultation from representative constituent groups as appropriate in the exercise of their responsibilities.

(k) The following shall be the subcommittees of the Board of Trustees:

(i) The subcommittee on finance (of the committee on finance, business and capital planning) shall be composed of up to three members of the committee on finance, business and capital planning. 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.

**(ii)** The subcommittee on compensation (of the committee on equity and human resources) shall consist of up to five members, all of whom need not be members of the committee on equity and human resources, in addition to the *ex officio* members. This subcommittee shall assist the Board with executive compensation philosophy and strategy pertaining to the University's senior leadership positions; the annual review and approval of the President's personal goals and objectives, performance and annual compensation, including salary and incentive compensation, if applicable; and will make decisions and recommendations for and on behalf of the Board of Trustees, when appropriate, relating to the effectiveness of executive compensation, benefits, performance management, and leadership development.

**(iii)** The subcommittee on legal (of the committee on legal and compliance) shall be composed of up to five members of the committee on legal and compliance. 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.

**(iv)** The subcommittee on risk (of the committee on audit and risk) shall be composed of up to five members, at least two of whom shall be members of the committee on audit and risk. This subcommittee shall be responsible for reviewing

matters pertaining to the identification and management of risks, including financial, operational, strategic and compliance risks.

(v) The subcommittee on long-range planning (of the committee on governance and long-range planning) shall be composed of up to five members, at least two of whom shall be members of the committee on governance and long-range planning. This subcommittee shall be responsible for reviewing matters related to the University's long-range planning activities, including supporting the strategic planning process, participating in that process, and monitoring its progress.

(l) Operating Guidelines. All standing committees and subcommittees shall operate pursuant to written operating guidelines which shall be submitted to and approved by the Board upon the recommendation of the committee on governance and long-range planning.

**Section 3.04 Quorum and Actions.** At all meetings of a committee, the presence of at least a majority of the members of such committee (including any ex officio members of such committee) shall be necessary and sufficient to constitute a quorum for the transaction of business. Except as set forth in Section 3.02(b), resolutions of a committee shall be adopted, and any action of the committee upon any matter shall be valid and effective, with the affirmative vote of a majority of the members of the committee present at a meeting duly convened and at which a quorum is present.

**Section 3.05 Authority of Board.** Any action taken by any committee or subcommittee shall be subject to alteration or revocation by the Board of Trustees; provided, however, that third parties shall not be prejudiced by such alteration or revocation.

**Section 3.06 Special Assignments.** The Chair of the Board of Trustees may make special assignments to the Trustees from time to time in furtherance of the Board's duties and obligations. Such assignments shall include, but not be limited to, the following:

(a) **Trustee Representative at All Commencements.** The Board of Trustees shall be represented at all Commencements by the Chair of the Board of Trustees or by Trustees designated by the Chair of the Board of Trustees.

(b) **Trustee Liaison to Capital Campaigns.** The Chair of the Board of Trustees is directed to appoint a liaison Trustee to interact with developmental activities for capital campaigns and to apprise the Board of Trustees of the activities and the progress of campaigns.

#### **ARTICLE IV**

#### **LIABILITY AND INDEMNIFICATION**

##### **Section 4.01 Personal Liability of Trustees.**

(a) **Elimination of Liability.** To the fullest extent that the laws of the Commonwealth of Pennsylvania, as now in effect or as hereafter amended, permit elimination or limitation of the liability of Trustees for monetary damages, no Trustee of the University shall be personally liable for monetary damages as such for any action taken, or any failure to take any action, as a Trustee.

(b) **Nature and Extent of Rights.** The provisions of this Section shall be deemed to be a contract with each Trustee of the University who serves as such at any time while this Section is in effect and each such Trustee shall be deemed to be so serving in reliance on the provisions of this Section. Any amendment or repeal of this Section or adoption of any Bylaw or provision of the Articles of the University which has the effect of increasing Trustee liability for



monetary damages shall operate prospectively only and shall not affect any action taken, or any failure to act, prior to the adoption of such amendment, repeal, Bylaw or provision.

**Section 4.02 Indemnification.**

**(a) Right to Indemnification.**

**(i)** As used herein, the word “Action” shall mean any action, suit or proceeding, administrative, investigative or other, (A) in which such person is named as a defendant (other than in an action, suit or proceeding by the University) or (B) in connection with which such person is not named as a defendant but is a witness, subject to investigation or otherwise involved, in either case by reason of such person being or having been a Trustee or officer of the University or by reason of such person serving or having served at the request of the University as a director, officer, employee, fiduciary or other representative of another corporation, partnership, joint venture, trust, employee benefit plan or other entity.

**(ii)** Except as prohibited by law, each Trustee and officer of the University shall be entitled as of right to be indemnified by the University against expenses and any liability paid or incurred by such person in connection with any Action.

**(iii)** Except as provided in Section 4.02(c) below, the University shall not indemnify any Trustee or officer, or pay, advance or reimburse any Trustee or officer, for any legal fees and expenses incurred in connection with any action, suit or proceeding, administrative, investigative or other, which such Trustee or officer brings, directly or indirectly, against the University, the Board of Trustees or any

officer, Trustee, employee, agent or representative of the University or the Board of Trustees.

**(iv)** A person who is not a Trustee or officer of the University may be similarly indemnified in respect of service to the University to the extent the Board of Trustees at any time designates such person as entitled to the benefits of this Section. The Board of Trustees has delegated to the Vice President and General Counsel the authority to make the determination, after consideration of relevant facts and circumstances, as to whether a person who is not a Trustee or officer of the University shall be indemnified in respect of his or her service to the University pursuant to this paragraph.

**(v)** As used in this Section, “indemnitee” shall include each Trustee and each officer of the University and each other person designated by the Board of Trustees as entitled to the benefits of this Section; “liability” shall include amounts of judgments, excise taxes, fines, penalties and amounts paid in settlement; and “expenses” shall include fees and expenses of counsel incurred by the indemnitee only (A) if the University has not at its expense assumed the defense of the Action on behalf of the indemnitee with reputable and experienced counsel selected by the University, or (B) if it shall have been determined pursuant to Section (c) hereof that the indemnitee was entitled to indemnification for expenses in respect of an Action brought under that Section

**(b)** Right to Advancement of Expenses. Every indemnitee shall be entitled as of right to have his expenses in defending any Action paid in advance by the University, as incurred; provided, however, that the University receives a written undertaking by or on behalf of

the indemnitee to repay the amount advanced if it should ultimately be determined that such person's conduct was such that the University is prohibited by law from indemnifying such person

**(c) Right of Indemnitee to Initiate Action; Defenses.**

**(i)** If a written claim for indemnification or advancement of expenses under paragraph (a) or paragraph (b) of this Section is not paid in full by the University within thirty days after such claim has been received by the University, the indemnitee may at any time thereafter commence a lawsuit to recover the unpaid amount of the claim and, if successful in whole or in part, the indemnitee shall also be entitled to be paid the reasonable expenses of prosecuting such suit..

**(ii)** The only defenses to a lawsuit to recover a claim for indemnification otherwise properly asserted under paragraph (a) shall be that the indemnitee's conduct was such that under applicable law the University is prohibited from indemnifying the indemnitee for the amount claimed, but the burden of proving any such defense shall be on the University.

**(iii)** The only defense to a lawsuit to recover a claim for advancement of expenses otherwise properly asserted under paragraph (b) shall be that the indemnitee failed to provide the undertaking required by paragraph (b), but the burden of proving any such defense shall be on the University.

**(d) Non-Exclusivity; Nature and Extent of Rights; Insurance.** The rights to indemnification and advancement of expenses provided for in this Section shall (i) not be deemed exclusive of any other rights to which any indemnitee may be entitled, (ii) be deemed to create contractual rights in favor of each indemnitee who serves the University at any time while this Section is in effect (and each such indemnitee shall be deemed to be so serving in reliance on the

provisions of this Section), and (iii) continue as to each indemnitee who has ceased to have the status pursuant to which he was entitled or was designated as entitled to indemnification under this Section and shall inure to the benefit of the heirs and legal representatives of each indemnitee. The University may provide, at its cost, insurance, or may self-insure, to protect itself and any Trustee, officer, agent or employee eligible to be indemnified hereunder against any liability or expense whether or not the University would have the power to indemnify such trustee, officer, agent or employee.

## **ARTICLE V**

### **OFFICERS AND EMPLOYEES**

#### **Section 5.01 Officers.**

(a) Officers. The officers of the Board of Trustees shall be a President (also referred to as the “Chair”), a Vice President (also referred to as the “Vice Chair”), each of whom shall be a member of the Board of Trustees, and a Secretary.

(b) Election and Term of Officers. All officers of the Board of Trustees shall be chosen each year by ballot of the voting members of the Board of Trustees present at the stated meeting of the Board of Trustees in November to serve for a period of one year and until their successors are chosen according to these Bylaws.

(c) Duties of Officers. The Chair of the Board of Trustees shall perform the corporate duties which pertain to that office. The Chair shall appoint all committees and subcommittees of the Board of Trustees and the chairperson thereof (except the executive committee) unless otherwise ordered by the Board of Trustees. The Vice Chair shall, in the absence of the Chair, perform the duties of the Chair. The Secretary shall perform the corporate duties which pertain to that office, be custodian of the corporate seal, conduct the ordinary

correspondence of the Board of Trustees and maintain an accurate record of all proceedings of the Board of Trustees and of the executive committee.

(d) Vacancies in Office. Vacancies in any office or offices may be filled by ballot of the voting members present at any meeting of the Board of Trustees.

(e) Officers of the University. The executive officers of the University shall be the President, one or more Vice Presidents as the Board of Trustees may from time to time determine, an associate secretary, three assistant secretaries, a Treasurer, and three assistant treasurers, all of whom shall be elected by the Board of Trustees. Except for the office of the President and Secretary, any two or more offices may be held by the same person. Each executive officer shall hold office at the pleasure of the Board of Trustees, or until his or her death or resignation.

(f) The associate secretary shall assist the secretary in the performance of his/her duties and shall act for and on behalf of the University in the same manner and with the same authority as the secretary. The assistant secretaries shall assist the associate secretary and shall act for and on behalf of the University in the same manner and with the same authority as the secretary. The Treasurer shall receive and disburse all monies of the corporation under procedures and safeguards prescribed by the Board of Trustees. The assistant treasurers shall assist the treasurer in the performance of these duties and shall act for and on behalf of the University in the same manner and with the same authority as the treasurer.

**Section 5.02 Additional Officers; Other Agents and Employees.** The Board of Trustees may from time to time appoint or employ such additional officers, assistant officers, agents, employees and independent contractors as the Board of Trustees deems advisable; the Board of Trustees shall prescribe their duties, conditions of employment and compensation; and

the Board of Trustees shall have the right to dismiss them at any time, without prejudice to their contract rights, if any. The President of the University may employ from time to time such other agents, employees and independent contractors as he may deem advisable for the prompt and orderly transaction of the business of the University, and he may prescribe their duties and the conditions of their employment, fix their compensation and dismiss them at any time, without prejudice to their contract rights, if any.

**Section 5.03 The Chair.** The Chair of the Board of Trustees, if any, shall be elected from among the voting members of the Board of Trustees, shall preside at all meetings of the Board of Trustees as provided herein, and shall have such other powers and duties as from time to time may be prescribed by the Board of Trustees. The Chair shall be an *ex officio* member of all standing committees and subcommittees, entitled to vote thereon. In the absence or disability of the Chair, the Vice Chair shall have the powers and perform the duties of the Chair.

**Section 5.04 The President.** The President of the University shall be the chief executive officer of the University. Subject to the control of the Board of Trustees, the President shall have general supervision of and general management and executive powers over all the property, operations, business, affairs and employees of the University, and shall see that the policies and programs adopted or approved by the Board of Trustees are carried out. The President shall exercise such further powers and duties as from time to time may be prescribed in these Bylaws or by the Board of Trustees. The President of the University, as chief administrative officer, shall carry out all orders and directives of the Board of Trustees and shall administer all policies of the Board of Trustees, as well as the policies established by him or her and by the faculty. The President may delegate such administrative authority as he or she deems appropriate to his or her staff, to the Treasurer, to the deans of the various academic units, and to others, who

shall exercise such delegated authority in the name of the President. The establishment of senior administrative positions responsible directly to the President and the determination of the functions of such positions shall be made by the President of the University. All administrative officers with the title of vice president or dean shall be appointed by the President, subject to the approval of the Board of Trustees. Removal of such administrative officers with the title of vice president or dean shall be made by the President and, in such event, the President shall inform the Board of Trustees of such removal at the next regular meeting of the Board. The President, as chief policy officer, shall have final authority, subject to the revisions and orders of the Board of Trustees, to establish policy concerning educational policy and planning, student affairs, the instructional program, courses and curricula, personnel, admissions, graduation requirements, scholarships and honors, calendar requirements, business, planning, research, and finance; provided, however, that the President shall delegate to the faculty, as appropriately organized, subject to the orders of the President, the authority to establish policy concerning the approval and supervision of the instructional program, including courses and curricula, academic admission standards, graduation requirements, and scholarships and honors. The President shall consult with the faculty, as appropriately organized, in the establishment of policy concerning educational policy and planning, including general admissions policy, calendar, academic personnel, student affairs, and any other matter he or she shall deem appropriate. In addition, the President shall consult with the student body, as appropriately organized, in the area of student affairs.

**Section 5.05 The Vice President(s).** The University may have one or more Vice Presidents. The Vice President(s) may be given by resolution of the Board of Trustees general executive powers, subject to the control of the President, concerning one or more or all segments of the operations of the University. The Vice President(s) shall exercise such further

powers and duties as from time to time may be prescribed in these Bylaws or by the Board of Trustees or the President. At the request of the President, or in his or her absence or disability, the Executive Vice President and Provost shall exercise the powers and duties of the President.

**Section 5.06 The Secretary, Associate Secretary and Assistant Secretaries.**

It shall be the duty of the Secretary (a) to keep an original or duplicate record of the proceedings of the Board of Trustees, and a copy of the Charter and of the Bylaws; (b) to give such notices as may be required by law or these Bylaws; (c) to be custodian of the corporate records and of the seal of the University and see that the seal is affixed to such documents as may be necessary or advisable; and (d) to exercise all powers and duties incident to the office of Secretary; and such further powers and duties as from time to time may be prescribed in these Bylaws or by the Board of Trustees or the President. The Associate Secretary and the assistant secretaries shall assist the Secretary in the performance of his duties and shall also exercise such further powers and duties as from time to time may be prescribed by the Board of Trustees, the President or the Secretary. At the direction of the Secretary or in his or her absence or disability, the Associate Secretary shall exercise the powers and duties of the Secretary.

**Section 5.07 The Treasurer and Assistant Treasurers.** It shall be the duty of the Treasurer (a) to keep the University's contracts, insurance policies, leases, deeds and other business records; (b) to see that the University's lists, books, reports, statements, tax returns, certificates and other documents and records required by law are properly prepared, kept and filed; (c) to be the principal officer in charge of tax and financial matters, budgeting and accounting of the University; (d) to have charge and custody of and be responsible for the University's funds, securities and investments; (e) to receive and give receipts for checks, notes, obligations, funds and securities of the University, and deposit monies and other valuable effects in the name and to



the credit of the University, in such depositories as shall be designated by the Board of Trustees; (f) to cause the funds of the University to be disbursed by payment in cash or by checks or drafts upon the authorized depositories of the University, and to cause to be taken and preserved proper vouchers for such disbursements; (g) to render to the President and the Board of Trustees whenever they may require it an account of all his transactions as Treasurer, and reports as to the financial position and operations of the University; (h) to keep appropriate, complete and accurate books and records of account of all the University's business and transactions; and (i) to exercise all powers and duties incident to the office of Treasurer; and such further duties from time to time as may be prescribed in these Bylaws or by the Board of Trustees or the President. The assistant treasurers shall assist the Treasurer in the performance of his or her duties and shall also exercise such further powers and duties as from time to time may be prescribed by the Board of Trustees, the President or the Treasurer. At the direction of the Treasurer or in his absence or disability, an assistant treasurer shall exercise the powers and duties of the Treasurer.

**Section 5.08 Vacancies.** Any vacancy in any office or position by reason of death, resignation, removal, disqualification, disability or other cause shall be filled in the manner provided in this Article V for regular election or appointment to such office.

**Section 5.09 Delegation of Duties.** The Board of Trustees may in its discretion delegate for the time being the powers and duties, or any of them, of any officer to any other person whom it may select. Upon authorization by the Board of Trustees, an officer may delegate performance of specific duties to employees and agents of the University.

(a) Notwithstanding the foregoing, the following matters shall require the approval of the Board of Trustees:

(i) Basic University Organization and Policy

- (1) Amendments to the Charter, Bylaws and Standing Orders;
  - (2) All reports of standing or special committees of the University's Board of Trustees;
  - (3) All major modifications of educational policy;
  - (4) Authorization to grant degrees to graduates;
  - (5) The University's Strategic Plan; and
  - (6) University intellectual property policy.
- (ii) Fiscal Matters
- (1) Establishment of, or changes in existing, major University fiscal policies;
  - (2) State appropriation requests and annual operating budgets;
  - (3) Acceptance of gifts, bequests, grants, fellowships, scholarships, loan funds that are not in accord with established policy;
  - (4) Establishment of, or changes in, tuition, room and board rates and mandatory student fees;
  - (5) Authorization to borrow money; authorization of persons to sign checks, contracts, legal documents, and other obligations, and to endorse, sell, or assign securities; and
  - (6) Selection of a firm to make annual audit of University accounts.
- (iii) Capital Projects
- (1) Establishment of, or changes in the University's five-year Capital Plan;

(2) Establishment of, or changes in existing policies, on matters such as honorific naming of buildings and roads and preservation of campus landmarks;

(3) Purchase of land and other real estate with a purchase price of \$1 million or more;

(4) Sale of land or other real estate, with the exception of the sale of land and other real estate with a sale price of less than \$3 million gifted to the University for the express purpose of sale with proceeds benefitting the University;

(5) Honorific names for individual buildings and roads;

(6) Any new construction or renovation project for which the total project cost is \$10 million or more, including

(A) Total project cost; provided however, that the Officers of the University shall have the discretion to expend up to an additional 10 percent of the approved total project cost, as necessary; and

(B) Awarding of contracts for construction;

(7) Projects under \$10 million in cost that are bond-financed;

(8) Other capital expenditures of \$10 million or more.

(iv) Personnel Matters.

(1) The selection, evaluation, compensation and removal of the President of the University, in accordance with policies and procedures adopted by the Board of Trustees from time to time. This responsibility

includes a commitment to grant the President broad delegated authority, to support the President in his/her exercise of such authority, to judge the performance of the President, and if necessary, to remove the President. In the selection of a President, the Board shall consult with representatives of the faculty and the student body.

(2) The establishment of and any changes to the University's executive compensation philosophy.

(3) The establishment of and any changes to the employment terms and conditions of the President of the University.

(4) The appointment and removal of the Vice President and General Counsel and the process by which Vice Presidents (other than the Vice President and General Counsel) and Deans are appointed, and any material amendments or modifications to such process.

(v) Subsidiaries

(1) Appointment of the Board of Directors of each direct subsidiary of the University as provided in such subsidiary's articles of incorporation;

(2) Amendments to the articles of incorporation of each direct subsidiary of the University; and

(3) Exercise of rights reserved to the University in the articles of incorporation, bylaws or other governing documents of any direct or indirect subsidiary of the University.

(vi) Miscellaneous

(1) Selection of the recipients of Distinguished Alumni Awards, honorary degrees and the Penn State Medal; and

(2) Selection of specific dates for regular meetings of the Board of Trustees.

(b) The delegation of authority set forth in this Section 5.09 requires that the Board of Trustees rely on the judgment and decisions of those who operate under its authority. However, this reliance of the Board of Trustees must be based upon its continuing awareness of the operations of the University. Therefore, the Board of Trustees shall receive and consider thorough and forthright reports on the affairs of the University by the President or those designated by the President. The Board of Trustees has a continuing obligation to require information or answers on any University matter with which it is concerned. In addition to such matters as the President of the University may determine, or as requested by the Chair of the Board of Trustees, the following matters shall be presented to the Board of Trustees for information:

(i) Basic University Organization and Policy

(1) New curricula and major changes in existing curricula;

(2) Major policy matters affecting student welfare and activities;

and

(3) Major policy matters affecting research.

(ii) Fiscal Matters

(1) Financial statements, and gifts, bequests, grants, fellowship, scholarships, loan funds that are in accord with established policy; and

(2) The University's annual reports filed under the Clery Act and the Pennsylvania Right to Know Act.

**(iii)** Personnel Matters

**(1)** Policies. New policies or changes in existing policies governing appointments, promotions in academic rank, leaves of absence, resignations, retirements, academic freedom and tenure, hours and conditions of employment, and fringe benefits; and

**(2)** Executive Compensation. Information regarding

**(A)** the evaluation and compensation of University executives (other than the President of the University), in accordance with policies and procedures recommended by the subcommittee on compensation from time to time.

**(B)** the establishment of and any changes to executive compensation and benefit programs and policies.

**(3)** Information regarding the appointment and removal of Vice Presidents and Deans.

**(iv)** Capital Projects

**(1)** New construction or renovations projects with a total project cost equal to or greater than \$5 million but less than \$10 million;

**(2)** Generic naming of individual buildings and roads and honorific naming of University facilities other than individual buildings and roads;

**(3)** Purchase of real estate with a purchase price of less than \$1 million;

(4) Reports on the sale of land and other real estate with a sale price of less than \$3 million gifted to the University for the express purpose of sale;

(5) Capital budget request submitted to the Commonwealth of Pennsylvania;

(6) An annual capital plan informational update; and

(7) Reports on the progress of new construction or renovation projects with a total project cost of \$10 million or more.

(c) Board of Trustees Delegation of Authority to Certain University Administrative Officers.

(i) The President, Vice President, Secretary, Treasurer, Assistant Treasurer, Senior Vice President for Finance and Business, and Corporate Controller of the University, or any one of such officers be and they are hereby fully authorized and empowered on behalf of the University to execute and acknowledge all deeds, agreements and contracts, and to transfer and endorse, sell, assign, set over and deliver any and all shares of stock, bonds, debentures, notes, evidences of indebtedness or other securities now or hereafter standing in the name of or owned by this University, and to make, execute, acknowledge, and deliver, under the corporate seal of this University, any and all written instruments necessary or proper to effectuate the authority hereby conferred.

(ii) The Treasurer, or in the absence of the Treasurer, the Senior Vice President for Finance and Business, may delegate in writing to such employees of the University as they may deem appropriate, the authority to execute and

acknowledge on behalf of the University standardized agreements and contracts for which those employees have administrative responsibility.

**(iii)** The Chief Investment Officer, or in such person's absence, the Managing Director, Operations of the Office of Investment Management, is hereby fully authorized and empowered on behalf of the University to transfer and endorse, sell, assign, set over and deliver any and all shares of stock, bonds, debentures, notes or other securities now or hereafter standing in the name of or owned by the University, and to make, execute, acknowledge, and deliver, under the corporate seal of the University, any and all written instruments necessary or proper to effectuate the authority hereby conferred.

**(iv)** The Associate Vice President for Finance and Business and Controller, or, in his or her absence, the Associate Controller, be and is hereby fully authorized and empowered on behalf of the University to execute and acknowledge all agreements and contracts related to the affairs of the College of Medicine.

**(v)** The Associate Secretary and Assistant Secretary of this University, or any one of such officers, be and they are hereby fully authorized and empowered on behalf of this University to make, execute, acknowledge, and deliver, under the corporate seal of this University, any and all written instruments necessary or proper to effectuate the authority hereby conferred.

**(d)** Subject to the provisions of Section 5.09(a)(v), the affairs of any direct or indirect subsidiary of the University shall be governed by the Board of Directors of such subsidiary



in accordance with the articles of incorporation, bylaws or other governing documents of such subsidiary.

## ARTICLE VI

### MISCELLANEOUS CORPORATE TRANSACTIONS AND DOCUMENTS

**Section 6.01 Execution of Notes, Checks, Contracts and Other Instruments.** All notes, bonds, drafts, acceptances, checks, endorsements (other than for deposit), guarantees and all evidences of indebtedness of the University whatsoever, and all deeds, mortgages, contracts and other instruments requiring execution by the University, may be signed by the Chair, the President, any Vice President or the Treasurer, and authority to sign any of the foregoing, which may be general or confined to specific instances, may be conferred by the Board of Trustees upon any other person or persons. Any person having authority to sign on behalf of the University may delegate, from time to time, by instrument in writing, all or any part of such authority to any other person or persons if authorized to do so by the Board of Trustees, which authority may be general or confined to specific instances. Facsimile signatures on checks may be used if authorized by the Board of Trustees.

**Section 6.02 Voting Securities Owned by the University.** Securities owned by the University and having voting power in any other University shall be voted by the President or any Vice President, unless the Board of Trustees confers authority to vote with respect thereto, which may be general or confined to specific investments, upon some other person. Any person authorized to vote such securities shall have the power to appoint proxies, with general power of substitution.

## ARTICLE VII

### GENERAL PROVISIONS

**Section 7.01 Offices.** The principal business office of the University shall be located at 201 Old Main, University Park, Pennsylvania 16802. The University may also have offices at such other places within or without the Commonwealth of Pennsylvania as the business of the University may require.

**Section 7.02 Corporate Seal.** The Board of Trustees shall prescribe the form of a suitable corporate seal, which shall contain the full name of the University and the year and state of its creation.

**Section 7.03 Fiscal Year.** The fiscal year of the University shall end on June 30 or on such other day as shall be fixed by the Board of Trustees.

**Section 7.04 Private Inurement.** No part of the net earnings of the University shall inure to the benefit of, or be distributable to, its Trustees, officers or other private persons, except that the University shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in these Bylaws and the University's Charter.

## ARTICLE VIII

### CONFLICTS OF INTEREST

**Section 8.01 Definitions.** For purposes of Sections 8.01 – 8.11 hereof, the following terms shall have the meanings set forth below.

(a) **Conflict of Interest.** A “conflict of interest” exists when a reasonable observer, having knowledge of all of the relevant facts and circumstances, would conclude that a Trustee has an actual or apparent conflict of interest in a matter related to the University. In

addition to financial conflicts of interest, a conflict of interest includes a situation in which a Trustee, family member or related entity has an interest that may lead the Trustee to act in a way that is incompatible with or a breach of the Trustee's fiduciary duty to the institution or use such Trustee's role to achieve personal gain or benefit or gain or benefit to family, friends or associates.

**(b)** Family Member. A "family member" means a Trustee's spouse or dependent child.

**(c)** Financial Conflict of Interest. A "financial conflict of interest" exists when a Trustee, a family member or related entity has an actual or potential financial interest in a matter (i) that is pending before the Board for discussion or vote or (ii) in which the Trustee or a family member is personally involved. A financial conflict of interest does not include a student or employment relationship of a family member.

**(d)** Related Entity. A "related entity" means a corporation, partnership, association or other entity where the Trustee or family member serves as an officer, director, partner or employee; expects to receive \$5,000 or more in compensation for services in a calendar year; holds any equity in a non-publicly traded entity; or holds an interest of 5% or more in a publicly traded entity.

**(e)** Known. "Known" means that the Trustee has actual knowledge of the conflict of interest.

**(f)** Board. "Board" includes any standing or ad hoc committee of the Board.

**(g)** Disclose or Disclosure. "Disclose" or "disclosure" means to provide a brief summary of the transaction, agreement or business arrangement and the Trustee's financial or other interest.

(h) For purposes of this Article VIII, the term “University” includes all direct and indirect subsidiaries thereof.

**Section 8.02 Disclosure.** Each Trustee must disclose in writing to the Office of the Board of Trustees and to the Chair of the Board all situations that involve actual or apparent conflicts of interest if and as the conflict of interest becomes known to such Trustee.

**Section 8.03 Annual Disclosure.** In addition to other annual disclosures required by law or policy, each Trustee must disclose annually and in writing to the Secretary of the Board all conflicts of interest that are known to such Trustee. The annual disclosures of known conflicts of interest will be publicly available upon request.

**Section 8.04 Recusal.** If a matter in which a Trustee has a known conflict of interest comes before the Board for discussion or decision, the interested Trustee shall leave the Board meeting while the matter is discussed and voted upon. The Trustee’s interest and recusal shall be noted in the minutes, which shall be publicly available.

**Section 8.05 Contracts or Transactions with the University.** (a) A contract or transaction between the University and a Trustee, family member or an entity in which a Trustee or family member has a beneficial interest of ten percent (10%) or more and the contract or transaction is valued at \$10,000 or more must be approved by the Board of Trustees in accordance with this Section. The University official responsible for the matter must first conclude that it is in the best interests of the University to consider entering into such a contract or transaction. In circumstances where the Trustee, family member or related entity is purchasing goods or services from the University, as opposed to selling such goods or services, the matter is presumptively in the University’s interests if the price is fair and reasonable and the contract or transaction does not foreclose a similar transaction with another individual or entity. In other circumstances where the

University is purchasing goods or services, the officer must first explore alternatives that do not involve an interest of the Trustee, family member or entity in which the Trustee or family member owns a beneficial interest of ten percent (10%) or more. If, after exercising such due diligence, the official determines that it is in the best interests of the University to proceed, the matter must be submitted to the Board for approval. The written materials submitted to the Board shall include a description of the contracting process, including the use of open and public bidding if possible and practical, and the official's analysis of why it is in the best interests of the University to proceed with the agreement or relationship. The interested Trustee shall leave the meeting during the discussion and voting. The Board shall determine by a majority vote of the disinterested Trustees whether the transaction or arrangement is in the University's best interests, the price and value provided are fair and reasonable to the University and whether to approve the transaction or arrangement. Any such decision shall be recorded in the minutes, which shall be publicly available.

**(b)** Contracts or transactions of less than \$10,000 between the University and a Trustee, family member or an entity in which the Trustee or a family member has a beneficial interest of ten percent (10%) or more will be disclosed to the Board of Trustees annually in a written report which shall be available to the public. The report shall include a certification by the appropriate officers of the University that such contracts or transactions were made in the normal course of business and were fair to the University.

**Section 8.06 Annual Statements.** Each Trustee shall annually sign a statement that affirms that such Trustee (a) has received a copy of the Board's conflict of interest policy as expressed in this Article VIII, (b) has read and understands the policy, and (c) has agreed to comply with the policy.

**Section 8.07 Fiduciary Duty.** Members of the Board of Trustees stand in a fiduciary relationship to the University which reposes special confidence in each member. Members of the Board of Trustees shall act in good faith, with due regard to the interests of the University, and shall comply with the fiduciary principles of conduct in addition to any other state or federal requirements. Trustees bring to their roles varied backgrounds and expertise, and they are selected in different ways, but they must keep the welfare of the entire University, not just a particular constituency, at all times paramount.

**Section 8.08 Misuse of Information.** No member of the Board of Trustees shall for personal gain or benefit or for the gain or benefit of others use any information not available to the public at large and obtained as a result of service to the University.

**Section 8.09 Gifts and Favors.** No member of the Board of Trustees shall solicit or accept for personal use or for the use of others any gift, loan, gratuity, reward, promise of future employment or any other thing of monetary value based on any understanding that the vote, official action or judgment of the member would be influenced thereby.

**Section 8.10 Pre-Existing Contract or Transaction.** A contract or transaction that would be required to be disclosed under this Article but which was entered into before the interested Trustee assumed office, or which became subject to this Article as a result of amendments to the Article, and which remains to be performed in whole or in part, shall be disclosed by the Trustee pursuant to Section 8.03 but is not subject to the voting and other requirements of this Article.

**Section 8.11 Family Members as Employees.** A record of all spouses or dependent children of Trustees who are employed by the University or an affiliated entity and where compensation exceeds \$10,000 per year shall be maintained in the Office of the Board of

Trustees and the names and positions but not the amount of compensation shall be posted on the University's public website.

**Section 8.12 Employment of Trustees.** No Trustee may be employed by the University in any capacity before the fifth (5th) anniversary of the date on which such person last served as a Trustee, except as approved by action of the Board of Trustees.

**Section 8.13 Disclosure of Potential Conflict of Interest by Employees of the University.** Employees of the University shall exercise the utmost good faith in all transactions touching upon their duties to the University and its property. In their dealings with and on behalf of the University, they shall be held to a strict rule of honest and fair dealings between themselves and the University. They shall not use their positions, or knowledge gained therefrom, in such a way that a conflict of interest might arise between the interest of the University and that of the individual. Employees shall disclose to the administrative head of the college or other unit in which they are employed, or other appropriate superior officer, any potential conflict of interest which they are aware before a contract or transaction is consummated. This bylaw shall be published to the University community at least once annually.

**Section 8.14 Consultation.** Any Trustee or University official may consult with the Secretary of the Board or the University General Counsel concerning the interpretation or application of any of the provisions of Article VIII.

## **ARTICLE IX**

### **AMENDMENTS**

**Section 9.01 Amendments.** These Bylaws may be amended, altered or repealed, and new bylaws may be adopted, by the Board of Trustees at any regular or special

meeting. Except as specifically set forth in Section 4.01, no provision of these Bylaws shall vest any property or contract right in any person.



## BYLAWS AMENDMENT HISTORY

May 6, 2016	Amended and Restated Bylaws adopted
November 4, 2016	Section 3.03(f)(vi) amended
July 21, 2017	Section 5.09 amended
November 10, 2017	Sections 2.12, 4.01 and 4.02 amended
May 3, 2019	Sections 5.09 and 8.01 amended
November 15, 2019	Section 2.01(b) amended
May 8, 2020	Sections 3.03 and 5.09 amended
September 18, 2020	Sections 2.01(a), 2.09, 3.02, 3.03(d), 3.03(e), 3.03(f)(i), 3.03(f)(iii), 3.03(f)(vii), 3.03(g), 3.03(h), 3.03(k), 3.03(l), 3.05, 3.06(b), 5.09(b)(iii) and 5.09(c)(iii) amended