



**THE PENNSYLVANIA STATE UNIVERSITY
BOARD OF TRUSTEES
PUBLIC MEETING**

Friday, February 18, 2022
1:00 pm

603 Penn State Innovation Hub
In-person and via ZOOM

1. Chair Welcome/Remarks

2. Call to Order

3. Consent Action Items

- a. Approval of *Minutes* from January 20, 2022, December 9, 2021 and November 12, 2021 Meetings
- b. Proposed 2023 Dates for Meetings of the Board of Trustees

Audit and Risk

- c. Proposed Authorization to Engage Auditors

Legal and Compliance

- d. Proposed Annual Applications, Renewals and Other Filings Required by the Pennsylvania Liquor Control Board

4. Other Action Items

Finance, Business and Capital Planning

- a. Proposed Naming of the Federal House, "Susan Hirt Hagen CORE", Penn State Behrend
- b. Proposed Final Plan Approval and Authorization to Expend Funds, Garfield Thomas Water Tunnel Renovation and Addition, University Park
- c. Proposed Authorization to Expend Funds, General Classroom Building Renovation, Penn State Beaver
- d. Proposed Changes in Room and Board Charges for 2022-23 Academic Year
- e. Proposed Purchase of Property at 331 West College Avenue, Borough of State College
- f. Proposed Divestiture of Property at 5711 Station Road, Penn State Behrend

5. President's Report and Discussion

6. Closing Remarks/Announcements

2/18/2022 Consent Action Items

a) **Approval of Minutes from the January 20, 2022, December 9, 2021, and November 12, 2021 Meetings**

b) **Proposed 2023 Dates for Meetings of the Board of Trustees**

Will the Board of Trustees approve the proposed meeting dates for 2023 as follows. Unless otherwise noted, all meetings will be held at University Park.

February 16-17, 2023	(Thursday-Friday)
May 4-5, 2023	(Thursday-Friday)
July 19-21, 2023	(Wednesday-Friday) – Penn State Behrend
September 7-8, 2023	(Thursday-Friday)
November 2-3, 2023	(Thursday-Friday)

c) **Proposed Authorization to Engage Auditors**

Will the Board of Trustees adopt the following resolution:

RESOLVED, That the Officers of the University are authorized to engage Deloitte & Touche LLP, Certified Public Accountants, for the audit of the accounts of the University for the year ending June 30, 2022.

d) **Proposed Annual Applications, Renewals and Other Filings Required by the Pennsylvania Liquor Control Board**

The Pennsylvania State University holds licenses and permits through the Pennsylvania Liquor Control Board (PLCB) for the following purposes, venues, and properties, as previously approved by the Board of Trustees:

- The Nittany Lion Inn – Liquor License, Off-Premises Catering Permit, Wine Bottle Sales, Liquor Permit for Sunday Sales and Amusement Permit
- Wine Auction Permits in connection with fundraising activities of WPSU, the Palmer Museum of Art, and such other academic or administrative units as may be approved by the Senior Vice President for Finance and Business/Treasurer, in consultation with the Vice President for Development and Alumni Relations
- Bryce Jordan Center – Public Venue Liquor License and Off-Premise Catering Permit
- Beaver Stadium – Public Venue Liquor License
- Recreation Hall – Public Venue Liquor License
- Pegula Ice Arena – Public Venue Liquor License
- Medlar Field at Lubrano Park – Public Venue Liquor License
- Penn State Golf Courses – Public Venue Liquor License

Each license or permit requires either an application process, a biennial application renewal process, or an annual validation process.

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

2/18/2022 Consent Action Items

WHEREAS, It is the desire of The Pennsylvania State University to file appropriate applications for licensures and permits either through an application processes, biennial application renewal processes, or a validation process, as applicable; 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 applications, renewal forms, and any other documents or instruments required by the Pennsylvania Liquor Control Board, and to take such other actions as may be required in connection with any such applications, renewals or validations; and

RESOLVED FURTHER, That material changes to the terms and conditions previously approved by the Board of Trustees with respect to such licenses and permits shall be submitted to the Board of Trustees for its consideration and approval.

02/18/2022 Other Action Items

a) Proposed Naming of the Federal House, “Susan Hirt Hagen CORE”, Penn State Behrend

The Facilities and Academic Unit Naming Committee has recommended that the Board of Trustees name the Federal House at Penn State Behrend the “Susan Hirt Hagen CORE” in recognition of a \$5.8 million anonymous donation.

Will the Board of Trustees adopt the following resolution:

RESOLVED, That the Federal House at Penn State Behrend be named
“Susan Hirt Hagen CORE.”

b) Proposed Final Plan Approval and Authorization to Expend Funds, Garfield Thomas Water Tunnel Renovation and Addition, University Park

The Applied Research Laboratory (ARL) at Penn State is an integral part of the University and was established in 1945 at the request of the U.S. Navy. ARL is a self-supported unit with research expenditures in University Fiscal Year 2019 at \$269M, contributing significantly to the nearly \$1B of research conducted by Penn State. The ARL physical plant is 754,000 GSF in 25 buildings spread across seven unique geographic locations with the majority of square footage at University Park.

Originally focused on undersea technology development, ARL now includes a broad research portfolio addressing the needs of various sponsors. As a Department of Defense designated University Affiliated Research Center, ARL conducts essential research, development, and systems engineering in support of our nation's priorities. The 39,531 square foot Garfield Thomas Water Tunnel was built in 1949 as the U.S. Navy's principal experimental hydrodynamic research facility.

This 43,634 square foot renovation and addition will be completed around the water tunnel which is a key piece of research equipment. The project will include a renewal of building systems for improved efficiencies, including improving the building envelope and replacing the single-pane curtain wall facing Atherton Street. The project will correct accessibility, code compliance, and safety concerns while improving the overall functionality for the facility. This project will address approximately \$12.9 million of maintenance backlog at University Park.

Will the Board of Trustees adopt the following resolutions:

RESOLVED, That the final plans for the Garfield Thomas Water Tunnel Renovation and Addition at University Park, as designed by Wilson HGA 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 \$34,270,000.

c) Proposed Authorization to Expend Funds, General Classroom Building Renovation, Penn State Beaver

The University is renovating approximately 16,000 square feet of space in the General Classroom Building at Penn State Beaver. This renovation project has a direct impact on teaching and will update the entire building to include classrooms, collaboration and study spaces, lecture halls, and offices. Building systems will be renewed for increased efficiency and occupant comfort, including a new entry vestibule. A new elevator is also included to improve accessibility. This renovation project will address \$3.44 million in maintenance backlog issues.

02/18/2022 Other Action Items

Will the Board of Trustees adopt the following resolutions:

WHEREAS, Article V, Section 5.09(a)(iii)(7) requires the approval of the Board of Trustees for capital projects under \$10 million in cost that are bond-financed; and

WHEREAS, the proposed General Classroom Building Renovation at Penn State Beaver is recommended by the Administration to be funded with bond financing.

THEREFORE, BE IT RESOLVED, That authorization to expend funds for the General Classroom Building Renovation at Penn State Beaver, as designed by BHDP Architecture of Pittsburgh, Pennsylvania, is approved in the amount of \$8,420,000.

d) Proposed Changes in Room and Board Charges for 2022-23 Academic Year

It will be necessary to increase room and board charges effective with the 2022 Fall Semester due to increasing operating and facility maintenance costs.

Appendix I provides details on the Housing and Food Service Budget Presentation for 2022-23, as well as the proposed rates at University Manor, Penn State Health Milton S. Hershey Medical Center.

Will the Board of Trustees adopt the following resolution:

RESOLVED, That room and board charges at all locations be increased as shown on Schedules I through V attached hereto and which are part of this resolution.

e) Proposed Purchase of Property at 331 West College Avenue, Borough of State College

The University proposes to acquire 0.64 acres at 331 West College Avenue in the Borough of State College, Centre County. The property is located adjacent to the University property on West College Avenue. The intent is to assemble the parcel with the adjoining University-owned property.

Will the Board of Trustees adopt the following resolutions:

RESOLVED, That the Board of Trustees approves the acquisition of 331 West College Avenue in the Borough of State College, Centre County, Pennsylvania, comprised of 0.64 acres, from The University Club, for an amount not to exceed \$4,070,000.

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.

02/18/2022 Other Action Items

f) Proposed Divestiture of Property at 5711 Station Road, Penn State Behrend

In 1990, the University acquired a 1.49-acre property near Penn State Behrend, located at 5711 Station Road, Harborcreek Township, Erie County, to support future expansion. Consistent with the direction received from the Penn State Board of Trustees Real Estate Task Force, the administration has reviewed the strategic need for these properties and determined they are no longer needed. The sale price is \$40,000.

Will the Board of Trustees adopt the following resolutions:

RESOLVED, That the Board of Trustees approves the sale of 1.49 acres located at 5711 Station Road, Harborcreek Township, Erie County, to MK & L Realty, LLC in the amount of \$40,000.

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.

2022/2023

**Room and Board Rate Proposal
Housing and Food Services**

- Budget Planning Factors
- Proposed Room and Board Rates
- History of Double Room and Meal Plan Rates



PennState

(Appendix I)

Budget Planning for 2022/23

Housing and Food Services is a self-supporting auxiliary enterprise. Neither state funds nor tuition are used for construction, maintenance, or operations of the housing and dining program. Housing and food revenues must cover all operating expenses, debt, interest, major maintenance, and facility renewal.

Housing and Food Services (HFS) is committed to providing quality living experiences for students in well-maintained facilities while minimizing increases to students.

While this past year Penn State has seen a 'return to campus' HFS has not fully recovered from the ongoing trends of online learning and hybrid work schedules, which result in the loss of income especially in dining, retail most notably. That said, we are looking at unprecedented inflation in both food costs and utilities, not unlike the rest of the world.

Over the past year while COVID disrupted construction, we concentrated on deferred maintenance in some of our oldest buildings across the commonwealth. We also made innovations with our mobile ordering, Penn State Eats. Now, we are looking to get back on track with our capital plan and finish our initial plans, albeit a new timeline.

HFS is requesting a 3.50% increase for the standard double room with mid-level meal plan. Proposed rates by room and apartment are included at the end.

EXPENSES

Payroll and Related includes an increase of 2.5% for salaries and 4.0% for fringe benefits.

Food Costs includes an increase of 3.1%. Cost containment initiatives continue and include reducing inventory turnover and food waste.

Operating Expenses includes an overall increase of 8.7% to the current year budget due to higher occupancy.

Residence Life includes an increase of \$13 to \$393 per student per semester to cover increases in operating costs, anticipated salary increases, and room and board changes for resident assistants at all campuses.

University Administrative Fee remains at 5% of gross revenues to pay for central administrative services.

Deferred Maintenance & Capital includes \$21M for annual maintenance for items such as roof replacement, plumbing repair, elevator maintenance, furniture, painting, equipment, technology, and security. The Capital Investment remains at 2%.

Debt Service

Scheduled debt service will decrease overall by \$9.0M to \$46.4M due to an interest rate reduction of \$6.5M and the net of \$2.5M in loans maturing and new debt.

**Proposed Budget Increase
HFS Annual Room and Board Rate Planning**

	2021/22 Approved Budget	2022/23 Proposed Budget	2022/23 \$ Change	2022/23 % Change
Revenue	266,241	283,719	17,478	6.6%
Food Cost	42,937	48,988	6,051	14.1%
Payroll and Related	81,482	85,383	3,901	4.8%
Utilities	16,260	17,411	1,151	7.1%
Maintenance, Supplies, Services	28,061	30,402	2,341	8.3%
Purchased Services		1,050	1,050	0.0%
Residence Life Programming	13,018	14,407	1,389	10.7%
Subtotal	181,759	197,641	15,883	8.7%
Operating Margin	84,482	86,078	1,596	1.9%
University Administrative Fee	8,000	10,911	2,911	36.4%
Provision - Deferred Maintenance	17,000	21,000	4,000	23.5%
Debt Service	55,433	46,398	-9,035	-16.3%
Return of Interest Savings to E&G				
40.0% of Annual Interest Reduction		2,613	2,613	0.0%
Subtotal	80,433	80,921	488	0.6%
Contribution to Reserves/Net Margin	4,049	5,157	1,108	27.4%

Proposed Residence Hall Room Rates and Undergraduate Apartment Rates

Rate/Person/Semester

Room Description	Number of Occupants	2021/22 Approved Rate for full semester	2022/23 Proposed Operating Increase	2022/23 Proposed Capital Investment	2022/23 Proposed Rate	2022/23 Proposed Increase
Standard Double	2	\$3,563	\$53	\$71	\$3,687	\$124
Standard Double/Bath	2	3,758	56	75	3,889	131
Renovated Double	2	4,020	60	80	4,160	140
Small Double	2	2,670	40	53	2,763	93
Triple	3	3,209	48	64	3,321	112
Triple/Bath	3	3,563	53	71	3,687	124
Renovated Triple	3	3,620	102	72	3,794	174
Quad	4	3,209	48	64	3,321	112
Quad/Bath	4	3,563	53	71	3,687	124
Quad as Triple	3	3,563	53	71	3,687	124
Standard Single	1	4,875	73	98	5,046	171
Standard Single/Bath	1	4,975	75	100	5,150	175
Renovated Single	1	5,045	76	101	5,222	177
Eastview Single/Bath	1	6,025	0	75	6,100	75
Eastview Large Single/Bath	1	6,470	0	30	6,500	30
RA Rate	1	2,245	34	45	2,324	79
Standard Double Suite	2	4,215	63	84	4,362	147
Standard Double Suite as Triple	3	3,563	53	71	3,687	124
Standard Single Suite, 1/bedroom	4	4,940	74	99	5,113	173
Double Suite	2	4,525	68	91	4,684	159
Single Suite	1	5,890	42	118	6,050	160
Single Suite at Berks	1	5,890	0	0	5,113	-777
University Park, Nittany Apartment						
2 Bedroom Garden	4	4,325	65	87	4,477	152
4 Bedroom Garden	4	4,850	73	97	5,020	170
4 Bedroom Townhouse	4	5,040	76	101	5,217	177
Whitecourse Apartment	4	5,040	109	101	5,250	210
Erie, Behrend Apartment						
2 Bedroom Garden	4	4,325	411	87	4,823	498
Abington Apartment						
Apartments-Bedroom Single	4	5,300	690	106	6,096	796
Apartments-Bedroom Double	6	4,660	235	93	4,988	328
Harrisburg Apartment						
Apartments-Bedroom Single	4	5,300	80	106	5,486	186
Apartments-Bedroom Double	6	4,660	70	93	4,823	163
Apartments-Bedroom Triple	9	4,200	63	84	4,347	147
Beaver, Greater Allegheny, Hazleton, & Mont Alto						
Standard Double	2	3,210	48	64	3,322	112
Standard Double Suite	2	3,800	57	76	3,933	133

Supplemental assignments will be priced at a 20 percent discount from the applicable suite or room rate. Requests for single occupancy of rooms intended for double occupancy will be priced at 25 percent more than the double occupancy rate for that room type.

Approved University Park Graduate Apartment Rates

2022/23 Rates approved by the Board of Trustees in September 2021 - no change

Room Description	2021/22 Rate	2022/23 Rate
University Park, Graduate Family Apartment		
<i>Rate/Month*</i>		
White Course 1 Bedroom	\$1,168	\$1,168
White Course 2 Bedroom	1,321	1,321
White Course 3 Bedroom	1,459	1,459
White Course 3 Bedroom w/2 Bath	1,474	1,474
University Park, Graduate Apartment		
<i>Rate/Person/Month*</i>		
White Course 4 Bedroom	\$938	\$938

**Apartment rate includes utilities*

**Proposed Board Plan
Rates/Semester**

Meal Plan	2021/22 Current Rate	2022/23 Proposed Rate	2022/23 Proposed Increase	2022/23 Dining Dollars
Plan 1	\$2,158	\$2,358	\$200	\$ 828
Plan 2	2,516	2,604	88	1,074
Plan 3	2,809	2,805	-4	1,275

History of Double Room and Mid-Level Meal Plan Rates 2012 through 2023

Year	Semester Rate	Semester Increase	Percent Increase
2022/23	\$6,291	\$212	3.50%
2021/22	6,079	203	3.45%
2020/21	5,876	200	3.52%
2019/20	5,676	146	2.64%
2018/19	5,530	135	2.50%
2017/18	5,395	165	3.15%
2016/17	5,230	155	3.05%
2015/16	5,075	190	3.89%
2014/15	4,885	200	4.27%
2013/14	4,685	190	4.23%
2012/13	4,495	125	2.86%
2011/12	4,370	185	4.42%

UNIVERSITY MANOR APARTMENTS

CURRENT vs. PROPOSED MONTHLY RENTAL RATES

<u>Type Occupancy</u>	<u>No. Units</u>	<u>Current Rates Per Apt.</u>	<u>Proposed Rates Per Apt.</u>	<u>Amount Increase</u>
University Manor East				
1 Bedroom (with Washer/Dryer)	24	\$ 1,005	\$ 1,025	\$ 20
2 Bedroom (with Washer/Dryer)	208	\$ 1,206	\$ 1,230	\$ 24
3 Bedroom (with Washer/Dryer)	16	\$ 1,355	\$ 1,382	\$ 27
University Manor West				
4 Bedroom (furnished) *	31	\$ 2,460	\$ 2,552	\$ 92

* NOTE: Proposed monthly increase per bedroom is \$23.00.

MONTHLY RENTAL RATE COMPARISON**UNIVERSITY MANOR vs. PRIVATE APARTMENT COMPLEXES**

The rental rates that follow are the proposed University Manor rental rates as compared to the current rates for private apartment complexes in the Hershey area. The average private rental rate has been adjusted to include utility expenses where none previously existed in the rental rate. This then provides an “apples-to-apples” rate comparison.

The average difference between the proposed University Manor rates and the current private apartment rates are:

**DIFFERENCES BETWEEN UNIVERSITY MANOR
AND PRIVATE APARTMENT RENTAL RATES**

	<u>Average Private Rates</u>	<u>University Manor Proposed Rates</u>	<u>Difference</u>
1 Bedroom	\$1,203	\$1,025	\$ 178
2 Bedroom	\$1,356	\$1,230	\$ 126
3 Bedroom	\$1,529	\$1,382	\$ 147
4 Bedroom	\$3,860	\$2,552	\$ 1,308

All University Manor Apartments have air-conditioning, modern kitchen appliances, wall-to-wall carpeting, draperies/mini-blinds, washers/dryers (only applies to UME), and fire detection/suppression sprinkler systems. All utilities are included except for long-distance telephone service. Additionally, high-speed wired and wireless Internet and Cable TV service is provided in all University Manor East and West apartments.