



THE PENNSYLVANIA STATE UNIVERSITY  
BOARD OF TRUSTEES  
PUBLIC MEETING – May 8, 2020  
1:00 pm  
via ZOOM

1. **Chair Welcome/Remarks**
2. **Call to Order**
3. **Action Items [attached]**
  - a) Approval of *Minutes* from February 21, 2020, March 19, 2020 and April 14, 2020 Meetings
  - b) Approval of Deferral of the Date for Election of Trustees by Agricultural Organizations, Societies or Associations

**Finance, Business and Capital Planning:**

  - c) Proposed Naming of the Proposed Art Museum “Palmer Museum of Art,” University Park
  - d) Proposed Revised Tuition Schedule for 2020 Summer Semester
  - e) Consideration of Proposed Interim Operating Budget for the University for the Fiscal year Beginning July 1, 2020

**Governance and Long-Range Planning:**

  - f) Proposed Approval of Amendments to the Penn State University *Bylaws*
  - g) Proposed Approval of Amendments to the Penn State Health *Bylaws*
  - h) Proposed Approval of Reappointment of Directors for Penn State Health Board
4. **Other Action Items [attached]**
  - a) Election of Trustees Representing Business and Industry Endeavors
  - b) Election of At-Large Trustee
5. **President’s Report and Discussion**
6. **Informational Report on the University Faculty Senate**
7. **Report on Election of Trustees by the Alumni**
8. **Closing Remarks/Announcements**

**5/8/2020 Action Items**

- a) **Approval of Minutes from February 21, 2020, March 19, 2020 and April 14, 2020 Meetings**
- b) **Approval of Deferral of the Date for Election of Trustees by Agricultural Organizations, Societies or Associations**
- c) **Proposed Naming of the Proposed Art Museum “Palmer Museum of Art,” University Park**

The Facilities and Academic Unit Naming Committee has recommended that the Board of Trustees name the proposed art museum at University Park the “Palmer Museum of Art.”

Will the Board of Trustees adopt the following resolution:

RESOLVED, That, subject to all necessary approvals and final construction approval, the proposed art museum at University Park is named “Palmer Museum of Art.”

- d) **Proposed Revised Tuition Schedule for 2020 Summer Semester**

Will the Board of Trustees adopt the following resolution:

RESOLVED, That in an attempt to mitigate the financial hardship of students and families, due to the special circumstances of this summer session, tuition schedules for the 2020 summer sessions be revised to the levels set forth in Appendix I hereto.

(Appendix I)

- e) **Consideration of Proposed Interim Operating Budget for the University for the Fiscal Year Beginning July 1, 2020**

In order for the University to have an approved fiscal operating plan for the year beginning July 1, 2020, 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 17, 2020 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, 2020, total budget amounts at the level of the adjusted 2019-20 budget as follows:

**5/8/2020 Action Items**

	<u>University Park and Other Locations</u>	<u>College of Medicine</u>	<u>Pennsylvania College of Technology</u>	<u>Total University</u>
General Funds	\$ 2,574,575,000	\$ 203,399,000	\$ 115,038,000	\$ 2,893,012,000
Agricultural Federal Funds	22,905,000			22,905,000
Restricted Funds	617,235,000	115,000,000	12,435,000	744,670,000
Auxiliary Enterprises <sup>a</sup>	471,355,000	3,623,000	29,853,000	504,831,000
<b>Total</b>	<b>\$ 3,686,070,000</b>	<b>\$ 322,022,000</b>	<b>\$ 157,326,000</b>	<b>\$ 4,165,418,000</b>
Penn State Health System				2,687,673,000
<b>Total Funds</b>				<b>\$ 6,853,091,000</b>

<sup>a</sup> Includes increase in room and board charges as approved by the Board of Trustees, February 21, 2020.

**f) Proposed Approval of Amendments to the Penn State University Bylaws**

The Committee on Governance and Long-Range Planning recommends the following amendment to the Penn State University *Bylaws*, Sections 3.03 and 5.09.

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 II.

(Appendix II)

**g) Proposed Approval of Amendments to the Penn State Health Bylaws**

The Committee on Governance and Long-Range Planning recommends the following amendment to the Penn State health *Bylaws*.

Will the Board of Trustees adopt the following resolution:

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

(Appendix III)

**5/8/2020 Action Items**

**h) Proposed Approval of Reappointment of Directors for 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, 2021.

Will the Board of Trustees adopt the following resolution:

RESOLVED, That the following persons be reappointed to the Board of Directors of Penn State Health, for a one-year term commencing July 1, 2020:

Eric J. Barron	Mark H. Dambly
Clifford G. Benson, Jr.	David J. Gray
Timothy P. Brown	David C. Han
Peter N. Carlino	Keith E. Masser
Kathleen L. Casey	Peter G. Tombros

**5/8/2020 Other Action Items**

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

The Selection Group on Board Membership for Business and Industry Trustees will recommend, to the Board of Trustees, two candidates for three-year terms beginning July 1, 2020.

b) **Election of the At-Large Trustee**

The Selection Group on Board Membership for At-Large Trustees will recommend, to the Board of Trustees, a candidate for a three-year term beginning July 1, 2020.

**University Park (Tier 3)  
Proposed Summer 2020 Tuition Rates**

	<u>Full-Time Per Semester</u>	<u>Part-Time Per Credit</u>
<b><u>Pennsylvania Residents:</u></b>		
<b>Undergraduate:</b>		
<b>Lower Division including Associate:</b>		
Freshmen & Sophomores	6,994	576
<b>Upper Division:</b>		
<b>Juniors &amp; Seniors:</b>		
Business, Science, IST, EMS, & Engineering Programs	7,549	617
Nursing	7,549	617
All Other Programs	7,549	617
<b>Graduate:</b>		
MBA	13,032	1,086
Business, Science, IST, EMS, & Engineering Programs	11,364	947
All Other Programs	10,668	889
Graduate Assistantships, Fellowships *	8,882	-
<b>PhD Dissertation Fee (601/611):</b>		
With (or without) Courses for Audit	2,050	-
With Courses for Credit	2,900	-
 <b><u>Non-Pennsylvania Residents:</u></b>		
<b>Undergraduate:</b>		
<b>Lower Division including Associate:</b>		
Freshmen & Sophomores	11,489	957
<b>Upper Division:</b>		
<b>Juniors &amp; Seniors:</b>		
Business, Science, IST, EMS, & Engineering Programs	12,015	1,001
Nursing	12,015	1,001
All Other Programs	12,015	1,001
<b>Graduate:</b>		
MBA	20,808	1,734
Business, Science, IST, EMS, & Engineering Programs	18,864	1,572
All Other Programs	18,144	1,512
Graduate Assistantships, Fellowships *	8,882	-
<b>PhD Dissertation Fee (601/611):</b>		
With (or without) Courses for Audit	2,050	-
With Courses for Credit	2,900	-

\*Graduate Assistantships, Fellowships rate is for entire Summer semester

**Penn State Altoona, Abington, Berks, Erie and Harrisburg (Tier 3)  
Proposed Summer 2020 Tuition Rates**

	<u>Full-Time Per Semester</u>	<u>Part-Time Per Credit</u>
<b><u>Pennsylvania Residents:</u></b>		
<b>Undergraduate:</b>		
<b>Lower Division including Associate:</b>		
Freshmen & Sophomores	6,994	576
<b>Upper Division:</b>		
<b>Juniors &amp; Seniors:</b>		
Business, Science, IST, EMS, & Engineering Programs	7,549	617
All Other Programs	7,549	617
<b>Graduate:</b>		
MBA	-	900
Business, Science, IST, Engineering Programs	11,292	941
All Other Programs	10,596	883
Graduate Assistantships, Fellowships *	8,882	-
<b>PhD Dissertation Fee (601/611):</b>		
With (or without) Courses for Audit	2,050	
With Courses for Credit	2,900	
 <b><u>Non-Pennsylvania Residents:</u></b>		
<b>Undergraduate:</b>		
<b>Lower Division including Associate:</b>		
Freshmen & Sophomores	11,489	957
<b>Upper Division:</b>		
<b>Juniors &amp; Seniors:</b>		
Business, Science, IST, EMS, & Engineering Programs	12,015	1,001
All Other Programs	12,015	1,001
<b>Graduate:</b>		
MBA	-	1,395
Business, Science, IST, EMS, & Engineering Programs	14,292	1,191
All Other Programs	13,596	1,133
Graduate Assistantships, Fellowships *	8,882	-
<b>PhD Dissertation Fee (601/611):</b>		
With (or without) Courses for Audit	2,050	
With Courses for Credit	2,900	

\*Graduate Assistantships, Fellowships rate is for entire Summer semester

**Brandywine, Hazleton, Lehigh Valley, Schuylkill, Scranton, and York (Tier 5)  
Proposed Summer 2020 Tuition Rates**

	<u>Full-Time Per Semester</u>	<u>Part-Time Per Credit</u>
<b><u>Pennsylvania Residents:</u></b>		
<b>Undergraduate:</b>		
<b>Lower Division including Associate:</b>		
Freshmen & Sophomores	6,489	525
<b>Upper Division:</b>		
Juniors & Seniors:	7,003	563
<b>Graduate:</b>		
Business, Science, IST, EMS, & Engineering Programs	11,124	927
All Other Programs	10,536	878
<b><u>Non-Pennsylvania Residents:</u></b>		
<b>Undergraduate:</b>		
<b>Lower Division including Associate:</b>		
Freshmen & Sophomores	10,701	892
<b>Upper Division:</b>		
Juniors & Seniors:	11,316	943
<b>Graduate:</b>		
Business, Science, IST, EMS, & Engineering Programs	14,112	1,176
All Other Programs	13,500	1,125



**Beaver, DuBois, Fayette, Greater Allegheny, Mont Alto, New Kensington, Shenango, Wilkes-Barre (Tier 5)  
Proposed Summer 2020 Tuition Rates**

	<u>Full-Time Per Semester</u>	<u>Part-Time Per Credit</u>
<b><u>Pennsylvania Residents:</u></b>		
<b>Undergraduate:</b>		
<b>Lower Division including Associate:</b>		
Freshmen & Sophomores	6,489	525
<b>Upper Division:</b>		
Juniors & Seniors:	7,003	563
<b>Graduate:</b>		
Business, Science, IST, EMS, & Engineering Programs	9,996	833
All Other Programs	9,468	789
<b><u>Non-Pennsylvania Residents:</u></b>		
<b>Undergraduate:</b>		
<b>Lower Division including Associate:</b>		
Freshmen & Sophomores	10,701	892
<b>Upper Division:</b>		
Juniors & Seniors	11,316	943
<b>Graduate:</b>		
Business, Science, IST, EMS, & Engineering Programs	13,188	1,099
All Other Programs	12,600	1,050

**World Campus (Tier 4)  
Proposed Summer 2020 Tuition Rates**

	<b>Full-Time Per Semester</b>	<b>Part-Time Per Credit</b>
<b>Undergraduate:</b>		
<b>Lower Division including Associate:</b>		
Freshmen & Sophomores	<b>6,611</b>	<b>545</b>
<b>Upper Division:</b>		
<b>Juniors &amp; Seniors:</b>		
All Other Programs	<b>7,136</b>	<b>588</b>
<b>Graduate:</b>		
All Other Programs	<b>10,536</b>	<b>878</b>

\*Priced-to-Market programs excluded, see [worldcampus.psu.edu](http://worldcampus.psu.edu) for more information on tuition rates for those programs

**Medicine, Law, and Great Valley School of Graduate Professional Studies  
Proposed Summer 2020 Tuition Rates**

	<u>Full-Time Per Semester</u>	<u>Part-Time Per Credit</u>
<b><u>Pennsylvania Residents:</u></b>		
<b>College of Medicine at Hershey:</b>		
Medical	25,480	-
Graduate	11,364	947
Master of Physician Assistant Program	13,011	-
<b>PhD Dissertation Fee (601/611):</b>		
With (or without) Courses for Audit	2,050	-
With Courses for Credit	2,900	-
<b>Great Valley Graduate Center:</b>		
MBA	12,144	1,012
All Other Programs	12,144	1,012
<b>Dickinson Law</b>	<b>26,172</b>	<b>2,181</b>
<b>Penn State Law</b>	<b>25,200</b>	<b>2,100</b>
Graduate Assistantships, Fellowships *	8,882	-
<b><u>Non-Pennsylvania Residents:</u></b>		
<b>College of Medicine at Hershey:</b>		
Medical	25,480	-
Graduate	18,864	1,572
Master of Physician Assistant Program	13,011	-
<b>PhD Dissertation Fee (601/611):</b>		
With (or without) Courses for Audit	2,050	-
With Courses for Credit	2,900	-
<b>Great Valley Graduate Center:</b>		
MBA	19,644	1,637
All Other Programs	19,644	1,637
<b>Dickinson Law</b>	<b>26,172</b>	<b>2,181</b>
<b>Penn State Law</b>	<b>25,200</b>	<b>2,100</b>
Graduate Assistantships, Fellowships *	8,882	-

\*Graduate Assistantships, Fellowships rate is for entire Summer semester

Draft Bylaw Amendments

May 2020

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, 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.

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

(i) Committee on Academic Affairs and Student Life. The committee on academic affairs 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;

(2) the faculty;

(3) educational policy matters pertaining to instruction, research, and continuing education; 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 ~~appointment of architects, the selection of architectural styles and materials, architect's plans, the~~ award of contracts, and the ~~names~~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:

(1) in fulfillment of its governance responsibilities, provide 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. It shall assume such additional responsibilities as may from time to time be assigned by the Chair of the Board of Trustees with the approval of the Board of Trustees including, but not 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;

e. evaluating and making recommendations on the working effectiveness of the Board and its committees; and

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

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

a. charge and support the chief executive with leading a strategic planning process, participating in that process, approve the strategic plan, and monitoring its progress; and

b. ensure 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 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 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.

The committee on outreach, development and community relations shall assume such additional responsibilities as may from time to time be assigned by the Chair of the Board of Trustees with the approval of the Board of Trustees.

(vii) Committee on Compensation. The committee on compensation shall consist of the Vice Chair of the Board of Trustees, the immediate past Chair of the Board of Trustees, the Chair of the committee on finance, business and capital planning, the Chair of the subcommittee on human resources and one at large member appointed by the Chair of the Board of Trustees, in addition to the ex officio members, and shall consider and report or recommend to the Board of Trustees on matters pertaining to:

(1) Changes to the executive compensation philosophy and strategy;

(2) Significant changes in executive compensation and benefit programs and policies;

(3) An annual review and approval of the President’s personal goals and objectives, performance and annual compensation, including salary and incentive compensation, if applicable; and

(4) Any additional items or actions brought to the Board of Trustees

by the committee on compensation at its discretion.

(g) Selection of Committee Members. Members of the standing committees, 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. Members of the subcommittees, and the chairperson and vice chairperson thereof, shall be appointed by the chair of the standing committee of which the subcommittee is a part, after consultation with the Chair of the Board of Trustees.

(h) Term of Committee Members. Committee members shall serve for a term of one (1) year commencing upon the date of the election of officers of the Board or such other date as may be

prescribed by the Chair of the Board of Trustees, and 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 architect/engineer selection (of the committee on finance, business and capital planning) shall be composed of three members of the committee on finance, business and capital planning. When it becomes necessary for the Board of Trustees to appoint an executive architect or engineer for major University physical plant projects, University staff will prepare a list of not less than three nor more than five firms for consideration by the subcommittee. The qualifications of these firms to perform this particular professional activity as well as background information regarding the type of firm and previous professional work will be presented to the subcommittee. Based on this information, and upon any recommendation that may be forthcoming from a program committee, and any additional information the subcommittee may request, the subcommittee, after discussion with the staff, will recommend to the committee on finance, business and capital planning, the firm that they recommend the Board of Trustees should appoint.~~

~~(ii)~~ (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.

~~(iii)~~ (ii) The subcommittee on human resources (of the committee on compensation) shall be composed of up to five members, not all of whom need be members of the committee on compensation. This subcommittee shall be responsible for reviewing on a regular basis certain of the University's greatest assets, its human resources, including the applicable policies and procedures concerning the recruitment, retention, and training of employees, as well as diversity and inclusion. The subcommittee shall be responsible for a review of compensation policies and practices.

~~(iv)~~ (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 as prescribed by the subcommittee's charter.

~~(v)~~ (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, as prescribed by the subcommittee's charter.

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 ~~selection of architects, 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) Appointment of architects, unless such project is funded in whole or in part with Commonwealth funds or designed by University employees;~~
    - ~~(C) Design; and~~
    - ~~(D)~~(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 committee 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; ~~and~~

~~(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 Executive Officer of the Office of Investment Management, or in his absence, the Chief Investment Officer, 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 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.

(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

**5/8/2020**

**BOT**

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.

**5/8/2020**

**BOT**

**AMENDED AND RESTATED BYLAWS  
OF  
PENN STATE HEALTH  
A Pennsylvania Nonprofit Corporation**

**(Appendix III)**

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**AMENDED AND RESTATED BYLAWS****OF****PENN STATE HEALTH****A Pennsylvania Nonprofit Corporation****(the “Corporation” or “PSH”)****PREAMBLE**

These Amended and Restated Bylaws were adopted in connection with the affiliation of the Corporation and certain of its affiliates with Highmark Health, a Pennsylvania nonprofit corporation (“HH”), and certain of its affiliates, which became effective on December 18, 2017 (the “Affiliation Effective Date”), pursuant to that certain Affiliation Agreement by and among The Pennsylvania State University (“PSU”), the Corporation, HH, and Highmark, Inc. dated as of the Affiliation Effective Date (the “Affiliation Agreement”). These Amended and Restated Bylaws are intended to reflect the governance structure and related covenants described in the Affiliation Agreement, which is incorporated herein by reference, as applicable. To the extent of any inconsistency between these Bylaws and the Affiliation Agreement, the terms of the Affiliation Agreement shall govern.

**ARTICLE 1****INTRODUCTION**

**Section 1.1** **Name**. The name of the Corporation is Penn State Health.

**Section 1.2** **Statement of Purposes**. As provided in its Articles of Incorporation, the Corporation is organized exclusively for the charitable, educational, and scientific purposes as defined and limited by Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law) (the “Code”), and to promote, support and further the charitable, educational, and scientific purposes of PSU, a Pennsylvania nonprofit corporation and instrumentality of the Commonwealth of Pennsylvania (“PSU”), and an organization exempt from taxation under Section 115 and described as a public charity under Section 509(a)(1) of the Code. In this capacity, the Corporation is further organized:

- (a) to promote health through the management and/or support of facilities and other assets that provide health care services;
- (b) to integrate community-based and academic medical center health care in order to achieve improved outcomes and limit the costs of care via improved efficiencies;
- (c) to support, financially and operationally, The Pennsylvania State University College of Medicine;

(d) to support PSU in the performance of its duties as successor trustee of the Milton S. Hershey Medical Center pursuant to that certain decree of the Orphans' Court of Dauphin County, Pennsylvania dated December 17, 1968 (the "MSHMC Trust"); and

(e) to do all lawful acts incidental to the accomplishment of said charitable, educational, and scientific purposes.

**Section 1.3 Offices.** The principal and registered office of the Corporation shall be located at 208 Old Main, University Park, Centre County, Pennsylvania 16802, or at such other place as the Board of Directors may designate from time to time. The Corporation may also have offices at such other locations as the Board of Directors may select and the business of the Corporation shall require.

**Section 1.4 Fiscal Year.** The fiscal year of the Corporation shall end on June 30 of each year, or on such other date as may be fixed from time to time by resolution of the Board of Directors.

**Section 1.5 Seal.** The corporate seal of the Corporation shall be a circle with the name of the Corporation and the state of incorporation around the border and the words "Corporate Seal" in the center.

**Section 1.6 Governing Law.** This Corporation is governed by the Pennsylvania Nonprofit Corporation Law of 1988, as it may be amended from time to time ("NPCL").

## **ARTICLE 2**

### **MEMBERS AND RESERVED POWERS**

**Section 2.1 Members.** The members of the Corporation are PSU and HH (each a "Member" and collectively, the "Members"). Subject to Sections 2.2 and 2.3, the Members shall have the right and power to give such approvals and take such other actions as are specifically reserved to members of Pennsylvania nonprofit corporations under the NPCL.

**Section 2.2 Reserved Powers of PSU.** In addition to and in furtherance of those powers held by a member of a nonprofit corporation under the NPCL, PSU shall have the following rights and powers with respect to the Corporation:

(a) to determine the number of Directors that will comprise the Board of Directors of the Corporation (subject to Section 2.3 hereof and Section 4.9 of the Affiliation Agreement), and to elect and remove, with or without cause, any PSU- and all appointed Directors of the Corporation not including other than the Directors appointed by HH Directors (as defined below);

(b) subject to Sections 2.3 and 9.1 hereof, to approve amendments, alterations and modifications to or repeals of the Articles of Incorporation and Bylaws of the Corporation;

(c) subject to Section 2.3 hereof, to approve all fundamental change transactions and all other transactions not in the ordinary course of business, including

without limitation, all mergers, consolidations, divisions, sales of substantially all assets, and the liquidation or dissolution of the Corporation;

(d) subject to Section 2.3 hereof, to approve any indebtedness of the Corporation or its controlled affiliates that would cause the debt to capitalization ratio of the Corporation on a consolidated basis to be at 35% or higher;

(e) to approve capital projects of \$10 million or more that either: (i) apply to a PSU-owned asset; or (ii) utilize PSU funds or funds obtained through PSU financing;

(f) subject to Section 2.3 hereof, to approve any sale, lease, transfer or other disposition of any land or buildings located on the campus of The Milton S. Hershey Medical Center which were conveyed by PSU to the Corporation or its controlled designee (hereinafter the “East Campus”), or to approve the use of any portion of the East Campus land or buildings that does not further the purposes of the Corporation as set forth in Section 1.2 of these Bylaws;

(g) in its capacity as successor trustee of the MSHMC Trust, to approve any change in the mission of The Milton S. Hershey Medical Center, a Pennsylvania nonprofit corporation (“MSHMC”);

(h) in its capacity as successor trustee of the MSHMC Trust, to exercise the Corporation’s power to appoint and remove directors of MSHMC, *provided* that HH shall have the right to nominate one director for appointment by PSU to the MSHMC board of directors; and

(i) subject to Section 2.3 hereof, to approve any change in or additional academic affiliation of the Corporation or any of its controlled affiliates.

**Section 2.3 Reserved Powers of HH.** Subject to Section 2.2, in addition to those powers held by a member of a nonprofit corporation under the NPCL, HH shall have the power to [appoint](#) and remove, with or without cause, the HH Directors as set forth in Sections 3.3 and 3.6 hereof, and none of the following actions shall be taken by the Corporation without the approval of HH:

(a) (i) the conversion of the Corporation to for-profit status or the merger of the Corporation unless it is the surviving entity, (ii) voluntary dissolution of the Corporation, (iii) filing of a voluntary petition for relief under any bankruptcy laws or appointment of a receiver or liquidator for any part of the Corporation’s assets or property or the making of a general assignment for the benefit of its creditors, or (iv) admission of a new member to the Corporation;

(b) any change to the number of HH Directors as set forth in Section 3.3 hereof if such change results in a dilution of HH’s Board representation;

(c) amendments to, or repeal of, these Bylaws or the Articles of Incorporation of the Corporation, but only to the extent that (i) such amendment or repeal will impact HH’s rights under these Bylaws, or the Articles of Incorporation of the Corporation or the

Affiliation Agreement; or (ii) HH's approval is required under Section 5504 or other applicable provisions of the NPCL;

(d) the acquisition by the Corporation (through any mechanism) within Adams, Berks, Cumberland, Dauphin, Franklin, Lancaster, Lebanon, Perry and York counties in Pennsylvania (the "Region") of any an equity, membership or governance interest in or the right to receive any distributions/funds from any hospital, health system, ambulatory care facility, skilled nursing facility, home health agency, hospice, physician practice, or other healthcare provider entity, except as otherwise permitted in Section 4.10.6 of the Affiliation Agreement;

(e) Corporation borrowings or guarantees, if after giving effect to such borrowings or guarantees, the Corporation would not be in compliance with the Financial Guidelines as defined and described in the Affiliation Agreement;

(f) substantive changes to the Academic Affiliation Agreement between PSU and the Corporation dated as of the Affiliation Effective Date, or the formula for the determination of academic support payments set forth therein;

(g) material changes to (i) the strategic plan for the community-based care delivery network component of Corporation, as set forth in the Corporation's business plan or (ii) the CN Committee Charter attached to the Affiliation Agreement, in each case if not recommended by the CN Committee in accordance with the CN Committee Charter;

(h) a Corporation investment consistent with the Corporation's mission in effect as of the Affiliation Effective Date in excess of Fifty Million Dollars (\$50,000,000) per year, *provided* that the total amount of any multi-year financial commitment to an investment or investments in a given year will be counted against the annual aggregate cap;

(i) the Corporation's investment in a distinct line of business (outside of the Corporation's mission in effect as of the Affiliation Effective Date) in excess of Twenty-Five Million Dollars (\$25,000,000) per year, *provided* that the total amount of any multi-year financial commitment to an investment or investments in a given year will be counted against the annual aggregate cap;

(j) the entry into new arrangements between PSU and the Corporation or modifications to existing arrangements between PSU and the Corporation unless, such arrangement or modification (a) relates to a service required by either the Corporation or PSU, (b) is at fair market value or required by law, and (c) does not cause the Corporation's inter-company charges, when aggregated with all other inter-company charges during any fiscal year, to exceed by more than five percent (5.0%) the Corporation's inter-company charges during the immediately preceding fiscal year; and

(k) except as otherwise set forth in Section 4.10.11 of the Affiliation Agreement, the divestiture of all or substantially all of the Corporation's assets or a

controlling membership interest in the Corporation to an unaffiliated third party (whether in a transaction or a series of related transactions).

Any request for HH's approval shall be considered and acted on by HH in good faith and in the interests of the integrated delivery and financing system created by the Members via the Corporation in the Region. Any request for HH's approval of any action for which approval of HH is required hereunder shall be made in writing in accordance with Section 10.9 of the Affiliation Agreement. If HH fails to respond to any such consent request within sixty (60) days after HH's receipt of the request, the request will be deemed to have been approved by HH.

**Section 2.4 Action by Members.** Subject to the reserved powers of the Members set forth in Sections 2.2 and 2.3, whenever any corporate action is to be taken by vote of the Members, it shall be authorized upon receiving the affirmative votes of Members holding a majority of the percentage Membership Interests (as defined in the Affiliation Agreement) in the Corporation.

**Section 2.5 Manner of Acting.** In the exercise of their powers as contemplated under Article II hereof, each Member shall act through its respective governing body or through an officer or committee duly authorized by its governing body to take such action in accordance with such Member's bylaws, policies, or other applicable governing instruments.

**Section 2.6 Suspension, Termination, or Transfer of Membership.** The rights of a Member may be suspended and a membership interest may be terminated or transferred only in accordance with the Affiliation Agreement.

### **ARTICLE 3 BOARD OF DIRECTORS**

**Section 3.1 Authority.** Subject to Sections 2.2 and 2.3 and any limitations set forth elsewhere in these Bylaws, the Articles of Incorporation of the Corporation, or the Affiliation Agreement, the affairs of the Corporation shall be under the general direction of a Board of Directors (also referred to herein as the "Board"), which shall administer, manage, preserve and protect the property of the Corporation.

**Section 3.2 Number and Qualifications.** The Board shall consist of such number of Directors as PSU may determine from time to time, but in no case fewer than eight (8). As of the Affiliation Effective Date, the Board consists of fifteen (15) members.

**Section 3.3 Appointment of Directors.** Directors shall be ~~appointed~~ by the Members. As of the Affiliation Effective Date, PSU shall have the right to appoint eleven (11) Directors (each a "PSU Director"), one of whom shall be the Dean of the PSU College of Medicine, ~~who shall serve on the Board ex officio, with vote if that individual is not serving as President/CEO of the Corporation.;~~ ~~Provided that, n~~ No such PSU Director shall be an individual who is employed by or a member of the governing body of an integrated delivery and financing system other than the Corporation. The ~~President/~~CEO of the Corporation shall serve on the Board *ex officio*, with vote. HH shall have the right to appoint three (3) Directors (each an "HH Director") as follows:

(a) Effective as of the Affiliation Effective Date, HH may appoint one (1) voting Director and two (2) non-voting Directors.

(b) Effective as of the second anniversary of the Affiliation Effective Date (and subject to the applicable terms of the Affiliation Agreement, which, among other things, permit acceleration of the right under certain circumstances), HH may appoint two (2) voting Directors and one (1) non-voting Director.

(c) Effective as of the fourth anniversary of the Affiliation Effective Date (and subject to the applicable terms of the Affiliation Agreement) and each year thereafter, HH may appoint three (3) voting Directors.

Notwithstanding the foregoing, HH shall provide a list of and the credentials of its proposed HH Directors to PSU no less than thirty (30) days in advance of their proposed ~~election~~appointment and if, in good faith, PSU objects to any candidate, following written notification to HH, the Members will work to resolve any concern to ensure that any appointment is not disruptive or counterproductive to the Board.

**Section 3.4 Term.** With the exception of (i) *ex-officio* Director(s) whose term(s) shall ~~begin automatically without appointment or election when determined by~~ their term in the office pursuant to which each *ex-officio* Director serves has commenced, and (ii) the initial HH Directors, whose initial terms will begin on the Affiliation Effective Date and expire on the immediately following June 30th, each Director shall serve, commencing on the first day of July, for a term of one (1) year, and until such Director's successor has been duly ~~elected~~appointed and qualified or until the Director's earlier death, resignation or removal.

**Section 3.5 Resignation.** Any Director may resign at any time by giving written notice to the ~~President~~CEO, the Secretary, or the Board of Directors. Such resignation shall take effect at the time specified therein or, if no time is specified, at the time of acceptance of the resignation as determined by the Board.

**Section 3.6 Removal of Directors.** An ~~elected~~appointed Director may be removed from office at any time, with or without assigning any cause, by the Member who appointed such Director. In addition, an HH Director may be removed by a majority vote of the Board for exclusion from participation in any state or federal healthcare program; a charge, conviction or plea of guilty or nolo contendere to any crime relating to the provision of, or billing for, any health care services; or the charge or conviction of any felony. An ex-officio Director shall be deemed to be removed from office automatically when they no longer serve in the office or position pursuant to which they serve as a Director.

**Section 3.7 Vacancies.** Vacancies occurring on the Board by death, resignation, refusal to serve, increase in the number of Directors or otherwise shall be filled by the Member entitled to ~~appoint~~elect the Director whose seat is vacant. Each Director who is appointed to fill a seat with a set term shall serve for the unexpired portion of the term of the Director being replaced, and until the Director's successor is ~~appointed~~delected and qualified or until such Director's earlier death, resignation, or removal.

**Section 3.8 Compensation.** No compensation shall be paid to any Director for services as a Director but, at the discretion of the Board, a Director may be reimbursed for travel and actual expenses necessarily incurred in attending meetings and performing other duties on behalf of the Corporation. A Director may be a salaried officer of the Corporation.

**Section 3.9 Meetings.**

(a) **Annual Meetings.** The annual organizational meeting of the Board of Directors shall be held on such other date as the Board of Directors may determine, at such time and place as shall be determined by the Board of Directors, without further notice than the resolution setting such date, time and place.

(b) **Regular Meetings.** Regular meetings of the Board of Directors shall be held not less than four (4) times a year, each at such date, time and place as shall be determined by the Board of Directors, without further notice than the resolution setting such date, time and place.

(c) **Special Meetings.** Special meetings of the Board of Directors may be called at any time by the Chairperson of the Board, the ~~President~~/CEO or by a majority of the Directors in office and entitled to vote, the date, time and place of each such meeting to be designated in the notice calling the meeting. Notice of any special meeting of the Board of Directors shall be given at least forty-eight (48) hours prior thereto and shall state the general nature of the business to be transacted.

(d) **Adjournment.** When a meeting of the Board of Directors is adjourned, it shall not be necessary to give any notice of the adjourned meeting or the business to be transacted at the adjourned meeting other than by announcement at the meeting at which such adjournment is taken.

**Section 3.10 Quorum.** At all meetings of the Board of Directors, the presence of a majority of the Directors in office and entitled to vote shall constitute a quorum. Except as the Board may otherwise determine, one or more persons may participate in a meeting of the board or any committee thereof by means of conference telephone or other electronic technology by means of which all persons participating in the meeting can hear and be heard by each other at the same time.

**Section 3.11 Voting.** Each Director (other than non-voting HH Directors) shall be entitled to one vote on each matter submitted to a vote of the Board of Directors, and action by the Board of Directors on any matter shall require the affirmative vote of a majority of the Directors in office and entitled to vote, unless a greater proportion of affirmative votes is required by applicable law, the Articles of Incorporation or these Bylaws. No proxy voting is permitted.

**Section 3.12 Notices.** Except as otherwise provided in these Bylaws, written notice of the date, time and place of each meeting of the Board of Directors shall be given to each Director at least five (5) days in advance of the date thereof, and such notice shall set forth the date, time and place of the meeting. Notice may be given to the Director personally or by sending a copy thereof by any of the following methods:

(a) By first class or express mail (postage prepaid) or by courier service (charges prepaid) to the Director's address supplied by the Director for the purpose of notice. Notice pursuant to this paragraph shall be deemed to have been given to the Director entitled thereto when deposited in the U.S. mail or courier service for delivery to that Director.

(b) By facsimile transmission, e-mail, or other electronic communication to the Director's facsimile number or e-mail address supplied by the Director to the Corporation for the purpose of notice. Notice pursuant to this paragraph shall be deemed to have been given to the Director entitled thereto when sent.

**Section 3.13 Waiver of Notice.** Whenever any written notice whatsoever is required to be given under the provisions of applicable law, the Articles of Incorporation of this Corporation, or these Bylaws, a waiver of such notice that is filed with the Secretary of the Corporation in paper or electronic form, signed by the person or persons entitled to notice, whether before or after the time of the meeting stated in such notice, shall be deemed equivalent to the giving of such notice. In the case of a special meeting, such waiver of notice shall specify the general nature of the business to be transacted. In the case of a special meeting, such waiver of notice shall specify the general nature of the business to be transacted. Attendance of a Director at a meeting shall constitute a waiver of notice of the meeting unless the Director attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

**Section 3.14 Consents.** Any action required or permitted to be taken at a meeting of the Directors may be taken without a meeting, if a consent or consents to the action in paper or electronic form are signed, before, on, or after the effective date of the action, by all of the Directors in office and entitled to vote on the date the last consent is signed. The consent or consents shall be filed with the Secretary of the Corporation.

#### **ARTICLE 4** **OFFICERS AND EMPLOYEES**

**Section 4.1 Board Officers.** The Corporation shall have a Chair and Vice Chair, who shall be elected by the Board of Directors from among the voting Directors. The Chair and Vice Chair shall not be employees of the Corporation or any affiliated entity. Each Chair and Vice Chair shall serve, commencing on the first day of July, for a term of one (1) year and until the officer's successor is duly elected and takes office or until the officer's earlier death, resignation, or removal.

**Section 4.2 Executive Officers.** The Executive Officers of the Corporation shall be the ~~President/CEO, the Chief Operating Officer ("COO")~~, the Secretary, the Treasurer, and such other executive officers as the Board may from time to time determine. An individual may hold more than one office in the Corporation, except that the individuals serving as ~~President/CEO and as COO~~ shall not be permitted to also serve as Secretary or Treasurer. All ~~other~~ Executive Officers shall be ~~elected~~appointed by the Board.



**Section 4.3 Additional Officers, Other Agents, and Employees.** The Board of Directors may appoint or employ such additional officers, assistant officers, employees, and independent contractors as the Board or [President/CEO](#) deems advisable; the Board or the [President/CEO](#) shall prescribe their duties, conditions of employment and compensation; and the Board or the [President/CEO](#) shall have the right to dismiss them at any time, without prejudice to their contract rights, if any. The [President/CEO](#) may employ from time to time such other agents, employees, and independent contractors as [he/shethey](#) may deem advisable for the prompt and orderly transaction of the business of the Corporation, and the [President/CEO](#) may prescribe their terms of employment, fix their compensation, and dismiss them at any time, without prejudice to their contract rights, if any.

**Section 4.4 Vacancies.** Any vacancy in any office shall be filled in the manner provided in this Article [IV](#) for regular election or appointment to such office.

**Section 4.5 Resignation and Removal of Officers.** Any officer may resign at any time by giving written notice to the [President/CEO](#), the Secretary, or the Board of Directors. Such resignation shall take effect at the time specified therein or, if no time is specified, at the time of acceptance of the resignation as determined by the Board. The individual serving as [President/CEO](#) shall be deemed to have automatically resigned or been removed from office upon [their/his/her](#) resignation or removal from office ~~of CEOas The Dean of the College of Medicine and Senior Vice President of Health Affairs of PSU~~. All other Executive Officers may be removed from office at any time by the Board of Directors or by the [President/CEO](#) in consultation with the Board, with or without assigning any cause.

**Section 4.6 Chair.** The Chair shall preside at all meetings of the Board. The Chair shall exercise general supervision of the affairs of this Corporation and shall see that such affairs are conducted in accordance with the Articles of Incorporation and Bylaws of this Corporation and pursuant to the direction of the Board. The Chair shall be an ex-officio member of all committees.

**Section 4.7 Vice Chair.** The Vice Chair shall perform the duties of the Chair when the Chair is absent or disabled. The Vice Chair shall undertake such other responsibilities as the Board or Chair may assign. In the case of the absence of both the Chair and Vice Chair, the Directors in attendance at a meeting of the Board shall appoint one of their number to preside.

**Section 4.8 President/CEO.** The [President/CEO](#) shall be responsible for the general and active management of the business and affairs of the Corporation, shall exercise general supervision and authority over all of its agents and employees, and shall perform all duties incident to the office of chief executive officer and such other duties as may be assigned by the Members or the Board of Directors. The [President/CEO](#) shall supervise the implementation of all policies, order, and resolutions of the Board of Directors and shall execute all contracts and agreements authorized by the Board of Directors, except that [he/shethey](#) may delegate to other officers of the Corporation the power to execute contracts in the ordinary course of business or as otherwise may be authorized by the Board.

~~**Section 4.9—Chief Operating Officer.** The COO shall report to the President/CEO and shall perform all duties incident to the office of chief operating officer and such other duties as may be assigned by the Board of Directors or the President/CEO.~~

~~**Section 4.10**~~**Section 4.9 Secretary and Associate/Assistant Secretaries.** The Secretary (a) shall make or cause to be made minutes of all meetings of the Board of Directors; (b) shall be responsible for the timely mailing or delivery of all notices of meetings of the Board of Directors; (c) shall be the custodian of the corporate records and seal of the Corporation and shall see that the seal is affixed to such documents as may be necessary to advisable; and (d) will perform all duties incident to the office of secretary of a corporation and such other duties as may be required by law, by the Articles of Incorporation or by these Bylaws, or which may be assigned from time to time by the Board of Directors. The Associate/Assistant Secretary or Secretaries shall assist the Secretary in the performance of his/her duties and shall also perform such other duties as from time to time may be prescribed by the Board, the President/CEO, or the Secretary. At the direction of the Secretary or in his/her absence or disability, an Associate/Assistant Secretary shall exercise the powers and duties of the Secretary.

~~**Section 4.11**~~**Section 4.10 Treasurer and Associate/Assistant Treasurers.** The Treasurer shall supervise the financial activities of the Corporation. Specifically, the Treasurer shall see that (a) full and accurate accounts of receipts and disbursements are kept, (b) a system is in place such that all monies and other valuable effects are deposited in the name and to the credit of the Corporation in such depositories as shall be designated by the Board, (c) the Directors at the regular meetings of the Board or whenever they may require it, receive an account of the financial condition of the Corporation, and (d) an annual audit of the Corporation's books and records is performed by an auditor selected by PSU. The Treasurer shall also perform such other duties as may be prescribed by the Board or the President/CEO. In performing these functions, the Treasurer may rely on employees of the Corporation or any affiliated corporation who possess special financial training and skills and whose employment responsibilities include management of the Corporation's financial affairs. The Associate/Assistant Treasurer or Treasurers shall assist the Treasurer in the performance of his/her duties and shall also perform such other duties as from time to time may be prescribed by the Board, the President/CEO, or the Treasurer. At the direction of the Treasurer or in his/her absence or disability, an Associate/Assistant Treasurer shall exercise the powers and duties of the Secretary.

## **ARTICLE 5** **COMMITTEES**

**Section 5.1 Committees.** The Corporation shall have such standing and ad hoc committees as the Board may deem advisable in the administration and conduct of the affairs of the Corporation. Each committee shall have such power and authority as provided for in these Bylaws or in the resolution creating such committee, except as such authority is limited by statute, by resolution creating or controlling the committee, or by any limitation imposed by the Board on such authority and power. Each committee of the Board shall meet as necessary to accomplish its goals. Except as otherwise provided in these Bylaws or in the resolution creating the applicable committee, committee chairpersons and members shall be appointed annually by the Chair, subject to approval by the Board, and may be reappointed to a committee for an

unlimited number of terms. With the exception of the Executive Committee (if any) and any other committee authorized to act on behalf of the Board, persons who are not voting Directors of the Corporation are eligible to serve as voting committee members. Any person authorized by these Bylaws to appoint the chairperson and/or members of any committee may appoint himself or herself as chairperson and/or member. The chairperson of each committee shall determine the date and place of all committee meetings. Each committee may adopt its own rules of procedure not inconsistent with these bylaws.

**Section 5.2 Limitation on Power of Committees.** No such committee shall have any power or authority as to the following:

- (a) the submission to the Members of any action requiring approval of the Members;
- (b) the filling of vacancies in the Board of Directors;
- (c) the adoption, amendment or repeal of the Bylaws;
- (d) the amendment or repeal of any resolution of the Board; or
- (e) action on matters committed by the Bylaws or a resolution of the Board to another Committee of the Board.

## ARTICLE 6

### LIMITATION OF PERSONAL LIABILITY OF DIRECTORS

**Section 6.1 Limitation of Directors' Personal Liability.** A Director of the Corporation shall not be personally liable for monetary damages for any action taken unless the Director has breached or failed to perform the duties of his office under Chapter 57, Subchapter B of the NPCL as in effect at the time of the alleged action by such Director and the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. Such limitation on liability does not apply to the responsibility or liability of a Director pursuant to any criminal statute or for payment of taxes pursuant to any Federal, state or local law.

**Section 6.2 Preservation of Rights.** Any repeal or modification of this Article by the Corporation shall not adversely affect any right or protection existing at the time of such repeal or modification to which any Director or former Director may be entitled under this Article. The rights conferred by this Article shall continue as to any person who has ceased to be a Director of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person.

## ARTICLE 7

### INDEMNIFICATION

**Section 7.1 Mandatory Indemnification of Directors and Officers.** The Corporation shall indemnify, to the fullest extent now or hereafter permitted by law (including but not limited to the indemnification provided by Chapter 57, Subchapter D of the NPCL), each Director and/or officer (including each former Director or officer) of the Corporation who was or

is or is threatened to be made a defendant or a witness in any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the Corporation, by reason of the fact that the Director or officer is or was an authorized representative of the Corporation, or is or was serving at the request of the Corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Director or officer in connection with such action, suit or proceeding if such Director or officer acted in good faith and in a manner ~~they~~~~he or she~~ reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action or proceeding by judgment, order, settlement or conviction or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the person did not act in good faith and in a manner that ~~they~~ reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect to any criminal proceeding, had reasonable cause to believe that his conduct was unlawful.

**Section 7.2 Mandatory Advancement of Expenses to Directors and Officers.** The Corporation shall pay expenses (including attorneys' fees) incurred by a Director or officer of the Corporation referred to in Section 7.1 hereof in defending or appearing as a witness in any civil or criminal action, suit or proceeding described in Section 7.1 hereof in advance of the final disposition of such action, suit or proceeding, only upon receipt of an undertaking by or on behalf of such Director or officer to repay all amounts advanced if it shall ultimately be determined that the Director or officer is not entitled to be indemnified by the Corporation as provided in Section 7.4 hereof.

**Section 7.3 Permissive Indemnification and Advancement of Expenses.** The Corporation may, as determined by the Board of Directors from time to time, indemnify, in full or in part, to the fullest extent now or hereafter permitted by law, any person who was or is or is threatened to be made a defendant or a witness in, or is otherwise involved in, any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative including an action by or in the right of the Corporation, by reason of the fact that such person is or was an authorized representative of the Corporation or is or was serving at the request of the Corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, both as to action in his official capacity and as to action in another capacity while holding such office or position, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in conjunction with such action, suit or proceeding if such person acted in good faith and in a manner ~~he or she~~~~they~~ reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The Corporation may, as determined by the Board of Directors from time to time, pay expenses incurred by any such person by reason of such person's participation in an action, suit or proceeding referred to in this Section 7.3 in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as provided in Section 7.4 hereof.

**Section 7.4 Scope of Indemnification.** Indemnification under this Article shall not be made by the Corporation in any case where a court determines that the alleged act or failure to act giving rise to the claim for indemnification is expressly prohibited by Chapter 57, Subchapter D of the NPCL or any successor statute as in effect at the time of such alleged action or failure to take action.

**Section 7.5 Miscellaneous.** Each Director and officer of the Corporation shall be deemed to act in such capacity in reliance upon such rights of indemnification and advancement of expenses as are provided in this Article. The rights of indemnification and advancement of expenses provided by this Article shall not be deemed exclusive of any other rights to which any person seeking indemnification or advancement of expenses may be entitled under any agreement, vote of members, disinterested Directors, statute or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office or position, and shall continue as to a person who has ceased to be an authorized representative of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person. Any repeal or modification of this Article by the Members or the Board of Directors of the Corporation shall not adversely affect any right or protection existing at the time of such repeal or modification to which any person may be entitled under this Article.

**Section 7.6 Definition of Authorized Representative.** For the purposes of this Article, the term, "authorized representative" shall mean a director, officer or employee of the Corporation or of any corporation controlled by the Corporation, or a trustee, custodian, administrator, committeeman or fiduciary of any employee benefit plan established and maintained by the Corporation or by any corporation controlled by the Corporation, or person serving another corporation, partnership, joint venture, trust or other enterprise in any of the foregoing capacities at the request of the Corporation. The term "authorized representative" shall not include money managers or investment advisors (or any employees thereof) hired by the Corporation, and shall not include agents of the Corporation unless indemnification thereof is expressly approved by the Board of Directors.

**Section 7.7 Procedure for Effecting Indemnification.** Unless ordered by a court, any indemnification under this Article VII or the NPCL shall be made only following a determination that the indemnification is proper in the circumstances because the person seeking indemnification has met the applicable standard of conduct. Such determination shall be made

- (a) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not party to the action or proceeding;
- (b) if such a quorum is not obtainable or if obtainable and a majority vote of a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion; or
- (c) by the Members.

**ARTICLE 8**  
**RESTRICTIONS REGARDING THE OPERATIONS OF**  
**THE CORPORATION; ADMINISTRATION OF FUNDS**

**Section 8.1 No Private or Political Beneficiaries.** In keeping with the statement of purpose of the Corporation as set forth in its Articles of Incorporation, no part of the earnings or assets of the Corporation shall inure to the benefit of any private individual, and no substantial part of the activities of the Corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the Corporation shall not directly or indirectly participate or intervene in (including the publishing or distribution of statements) any political campaign activities on behalf of or in opposition to any candidate for public office.

**Section 8.2 No Violation of Purposes.** In no event and under no circumstances shall the Board of Directors make any distribution or expenditure, engage in any activity, hold any assets, or enter into any transaction whatsoever the effect of which under applicable federal laws then in force will cause the Corporation to lose its status as an Corporation to which contributions are deductible in computing the net income of the contributor for purposes of federal income taxation.

**Section 8.3 Tax Records.** The Corporation shall maintain at its principal office a copy of its application for exemption and all information or tax returns filed with the Internal Revenue Service. To the extent required by law, such documents shall be made available during regular business hours for inspection by any person requesting to see them.

**Section 8.4 Books and Records.** This Corporation will keep correct and complete books and records of account and will also keep minutes of the proceedings of its Members, Board of Directors, and committees. The Corporation will keep at its registered office the original or a copy of its Bylaws including amendments to date, certified by the Secretary of the Corporation.

**Section 8.5 Conflict of Interest Policy.** As each Director participates in the business of the Corporation, ~~they~~~~he~~~~she~~ ~~has~~~~have~~ a fiduciary duty to act prudently and in the best interest of the Corporation, as opposed to his or her personal interest or the interest of some other person or entity. The Internal Revenue Code also imposes excise taxes on officers, directors, and other persons in a position to exercise substantial influence over the affairs of the Corporation (collectively, “disqualified persons”) who engage in excess benefit transactions with the Corporation. In order to facilitate compliance with these requirements, the Board of Directors shall adopt, maintain, and enforce a written conflict of interest policy. Such policy shall describe the persons covered by the policy, define a conflict of interest, require disclosure of actual and potential conflicts of interest (including through an annual written disclosure of interests by the persons covered by the policy), and describe procedures that must be followed when evaluating conflicts of interest and acting on matters involving a conflict of interest.

**ARTICLE 9**  
**AMENDMENTS**

**Section 9.1 Authority.** These Bylaws and the Articles of Incorporation of the Corporation may be altered, amended and/or repealed from time to time by (a) PSU alone or (b) by the Corporation's Board of Directors, subject to the approval of PSU; provided, however, that any alteration, amendment, or repeal described in Section 2.3(d) of these Bylaws must also be approved by HH.

Adopted: April 7, 2015  
Restated: July 19, 2017  
Amended: December 18, 2017  
Amended: February 22, 2019  
Amended: May 3, 2019