A special meeting of the Board of Trustees was held via ZOOM on April 14, 2020 beginning at 6:30 p.m.

The following Trustees, constituting a quorum, were present: Amoros, Casey, Cotner, Culler, Dambly, Delligatti, Doran, Dunn, Fenza, Han, Hartzler, Hoffman, Kleppinger, Masser, Oldsey, Paterno, Potts, Rakowich, Schneider, Short, Stanell, Tribeck, and Wagman.

Also present was the Governor’s non-voting representative, Shipley; staff members Barron, Doncsecz, Dunham, Eck, Gray, Guadagnino, Harvey, Jones, Kissinger, Penkala, Sitzabee, and Zeigler-Byers.

The meeting was called to order by Chairman Dambly. The roll was called by Shannon Harvey, Associate Secretary of the Board. Chair Dambly stated that the sole purpose of the meeting was for the Board to consider and act on a resolution authorizing the University to negotiate a Funding Agreement with the State Employees’ Retirement System and to incur related indebtedness for that funding agreement. David Gray, Senior Vice President for Finance and Business/Treasurer provided remarks and context for this item. Following discussion, a motion to approve the resolution was provided by Trustee Schneider and a second provided by Trustee Oldsey. The Board unanimously approved the resolution:

WHEREAS, The University is one of 104 total participants in the State Employees’ Retirement System (“SERS”), a multi-employer retirement system established by the Commonwealth of Pennsylvania; and

WHEREAS, the estimated total SERS unfunded actuarial liability as of December 31, 2019 is $[23.405] billion, of which 5.9% (or $[1.381] billion) is allocated to the University based on covered payroll; and

WHEREAS, On November 27, 2019, the Governor of the Commonwealth signed HB 1982 (Act of Nov. 27, 2019 P.L. 723, No. 105) (“Act 105”), which authorizes eligible employers to make a one-time advance payment to SERS in exchange for a schedule of credits against the employer’s future annual accrued liability contributions to SERS for a period of thirty (30) years; and

WHEREAS, Act 105 requires the advance payment to be not less than 75% nor more than 100% of the eligible employer’s portion of the present value of future accrued liability contributions; and

WHEREAS, The University is an eligible employer under Act 105 and is seeking to enter into the funding agreement with SERS; and

WHEREAS, At its March 19, 2020 meeting the Board of Trustees authorized an amendment to its September 15, 2017 resolution to increase the authorized Obligations (as defined therein) by an amount not to exceed $1.127 billion to fund a one-time advance contribution to SERS plus issuance costs (the “March 2020 Resolution”); and
WHEREAS, Changes in the financing markets since the March 2020 Resolution have resulted in other financing options to the University which may be more advantageous: and

WHEREAS, Article V, Section 5.09(a)(ii)(5) requires approval by the Board of Trustees for the authorization to borrow funds.

THEREFORE, BE IT RESOLVED, that officers of the University are hereby authorized to enter into the funding agreement with SERS pursuant to Act 105, substantially in the form described to the Board of Trustees at this meeting; and

FURTHER RESOLVED, In addition to the authority granted in the 2020 Resolution to enter into a loan agreement or similar agreement with Barclays Bank PLC, that the University is authorized to issue securities to Barclays Capital Inc. or an affiliate to borrow an amount not to exceed $1.127 billion (the “Loan Amount”) to fund its one-time advance contribution to SERS (plus issuance costs) upon such terms and secured by such assets of the University as any officer of the University may determine and the University is authorized to issue or incur Obligations (as defined in the 2017 Resolution) to repay the Loan Amount and associated costs; and

FURTHER RESOLVED, that except as previously amended and as amended hereby, the 2017 Resolution remains in effect; and

FURTHER RESOLVED, That the officers of the University are hereby authorized and directed to execute and deliver such other agreements and documents and to take such other action as may be necessary or appropriate in order to effectuate the foregoing resolutions.

There being no other business, the public meeting was adjourned at 6:45 p.m. An audio stream of the meeting is available in its entirety at: https://www.youtube.com/watch?v=ntzMrh9FxpE&feature=youtu.be

Respectfully submitted,

Shannon Harvey
Associate Secretary
Board of Trustees