

## MINUTES OF MEETING

### **BOARD OF TRUSTEES**

VOLUME 320

June 23, 2020

A special meeting of the Finance, Business and Capital Planning (FBCP) Committee and the Board of Trustees was held via ZOOM on June 23, 2020 beginning at 5:30 p.m.

The following Trustees, constituting a quorum of both the FBCP Committee and the Board, were present: Dambly (chairman), Schuyler (vice chairman), Barron, Brown, Casey, Cotner, Culler, Dandrea, Doran, Dunn, Fenza, Han, Harpster, Hartzler, Hoffman, Jubelirer, Kleppinger, Lubert, Masser, Oldsey, Paterno, Pope, Potts, Rakowich, Rapp, Schneider, Short, Stanell, Tribeck, and Wagman. The Governor's non-voting representative, Mr. Shipley, was also in attendance.

Present by invitation were staff members Boyan, Doncsecz, Dunham, Goffe, Gray, Guadagnino, Harvey, Hlafchak, Jones, Kissinger, Lokman, Penkala, Santiago, and Stoessel.

The board 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 two resolutions. The first resolution, which would first be considered by the FBCP committee, would expand the University's borrowing authority to provide greater flexibility to meet financial needs by expanding the use of borrowed funds to include working capital needs. The second resolution would approve the acquisition by Penn State Health of the Holy Spirit Health System. The Board adjourned for consideration of the first resolution by the FBCP committee.

The meeting of the FBCP Committee was called to order by Chair Mary Lee Schneider.

A motion to approve the resolution authorizing the University to expand the use of borrowed funds to include working capital needs through the establishment of a \$250 million line of credit was provided by Trustee Fenza and a second provided by Trustee Hartzler. The Committee unanimously approved the resolution:

WHEREAS, At its September 15, 2017 meeting the Board of Trustees authorized \$2.2 billion of borrowing and guaranty of indebtedness to support the University's capital plan for the University and its controlled affiliate, Penn State Health, for the period Fiscal Year 2018-19 to Fiscal Year 2022-23 (the "2017 Resolution"); and

WHEREAS, In connection with Penn State Health being established as a separate obligated group, at its November 15, 2019 meeting the Board of Trustees amended the 2017 Resolution to reduce the authorized Obligations (as defined therein) to support the Fiscal Year 2018-19 to Fiscal Year 2022-23 capital plan from \$2.2 billion to \$2.012 billion (the "2019 Resolution"); and

WHEREAS, At its March 19, 2020 and April, 14, 2020 meetings the Board of Trustees authorized an increase in the borrowing authority in the amount not to exceed \$1.127 billion to be used solely to fund a one-time advance contribution to the State Employees' Retirement System and associated costs thereof (the "2020 Resolutions"); and

WHEREAS, It is in the financial interests of the University to provide greater flexibility to the University to meet its financial needs by expanding the use of borrowed funds to include working capital needs; 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 a portion of the \$2.012 billion total authorized Obligations (as defined in the 2017 Resolution) to support the current capital plan is hereby authorized to be used for working capital needs as determined by the officers of the University; and

FURTHER RESOLVED, That except as amended by the 2019 Resolution, the 2020 Resolutions 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 further business to come before the FBCP committee, the committee adjourned and the full board resumed session.

A motion to approve the resolution authorizing the University to expand the use of borrowed funds to include working capital needs through the establishment of a \$250 million line of credit was provided by Trustee Schneider and a second provided by Trustee Jubelirer. The Board unanimously approved the resolution.

A motion to approve the acquisition by Penn State Health of the Holy Spirit Health System was provided by Trustee Wagman and a second provided by Trustee Casey. The Board unanimously approved the resolutions:

RESOLVED, That the Board of Trustees approves the acquisition by Penn State Health of the Holy Spirit Health System, upon the terms and conditions presented to the Board of Trustees, subject to all necessary regulatory approvals and consents.

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

There being no other business, the public meeting was adjourned at 5:50 p.m. An audio stream of the meeting is available in its entirety at: <https://youtu.be/hhLCQocw1m8>.

Respectfully submitted,

Shannon Harvey  
Associate Secretary  
Board of Trustees