

**THE PENNSYLVANIA STATE UNIVERSITY
BOARD OF TRUSTEES**

**MINUTES OF MEETING
VOLUME 316**

March 19, 2020

A special meeting of the Board of Trustees was held telephonically on March 19, 2020 beginning at 11:00 a.m.

The following Trustees, constituting a quorum, were present: Amoros, Brown, Casey, Cotner, Culler, Dambly, Dietrich, Delligatti, Detwiler, Doran, Fenza, Han, Harpster, Hartzler, Hoffman, Jubelirer, Kleppinger, Masser, Oldsey, Paterno, Pope, Potts, Rakowich, Rapp, Schneider, Schuyler, 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, and Penkala.

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, subject to final approval by the Board of Trustees at a future meeting.

A motion to approve the resolution was provided by Trustee Schneider and a second was provided by Trustee Oldsey. The Board unanimously approved the following resolution for the Authorization to negotiate a Funding Agreement with State Employees' Retirement System and to incur related Indebtedness:

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 exploring entering into a funding agreement with SERS and issuing bonds or issuing or incurring other debt to fund a one-time advance contribution to SERS; and

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, 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 negotiate a funding agreement with SERS pursuant to Act 105; which shall be subject to final approval by the Board of Trustees at a later meeting; and

FURTHER RESOLVED, That the total authorized Obligations is increased from \$2.012 billion to an amount not to exceed \$3.139 billion, with the allocation of such increase (in an amount not to exceed \$1.127 billion) to fund a one-time advance contribution to SERS; and

FURTHER RESOLVED, That the University is authorized to enter into a loan agreement or other similar agreement with Barclays Bank PLC to borrow an amount not to exceed \$1.127 billion (the “Loan Amount”) to fund its one-time advance contribution to SERS 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 Barclays Bank PLC for such Loan Amount; and

FURTHER RESOLVED, That except as amended by the 2019 Resolution 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.

Following the passage of the resolution, President Barron provided an update on the University’s response to the Coronavirus pandemic.

The meeting was adjourned at 11:49 a.m. An audio stream of the meeting is available in its entirety at <https://www.youtube.com/watch?v=7QCPTYlZSZc&feature=youtu.be>

Respectfully submitted,

Shannon Harvey
Associate Secretary
Board of Trustees