

1. Roll Call**2. Approval of the Minutes of Previous Meetings**

Will the Board of Trustees approve the minutes of the meeting of the Board held on February 23, 2018?

3. President's Report**4. Reports from Standing Committees**

Discussion of action and/or information items by the Standing Committees for consideration by the Board of Trustees:

- A. Committee on Academic Affairs and Student Life** – William F. Oldsey, Chair
- B. Committee on Audit and Risk** – Walter C. Rakowich, Chair
- C. Committee on Compensation** – Keith E. Masser, Chair
- D. Committee on Finance, Business and Capital Planning** – Robert E. Fenza, Chair

1) Consideration of Proposed Interim Maintenance and Operating Budget for the University for the Fiscal Year Beginning July 1, 2018

In order for the University to have an approved fiscal operating plan for the year beginning July 1, 2018, 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 20, 2018 Board of Trustees meeting when the State appropriation is clarified.

Will the Committee on Finance, Business and Capital Planning recommend to the Board of Trustees adoption of 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, 2018, total budget amounts at the level of the adjusted 2017-18 budget as follows:

	University Park and Other Locations	College of Medicine	Pennsylvania College of Technology	Total University
General Funds	\$ 2,060,463,000	\$ 147,092,000	\$ 111,568,000	\$ 2,319,123,000
Agricultural Federal Funds	21,910,000			21,910,000
Restricted Funds	559,392,000	98,000,000	13,287,000	670,679,000
Auxiliary Enterprises ^a	444,379,000	3,842,000	27,994,000	476,215,000
Total	\$ 3,086,144,000	\$ 248,934,000	\$ 152,849,000	\$ 3,487,927,000
Penn State Health System				2,214,641,000
Total Funds				\$ 5,702,568,000

^a Includes increase in room and board charges as approved by the Board of Trustees, February 23, 2018.

2) **Proposed Implementation Partner and Project Budget for IBIS Replacement**

The University has determined that the existing finance system, the Integrated Business Information System ("IBIS"), is nearing the end of its usefulness. As a decades old, homegrown system, IBIS can no longer meet the University's functional and business requirements and presents an ongoing risk to the University's business operations. The University has therefore determined that it is in the best interest to replace IBIS.

Will the Board of Trustees adopt the following resolutions:

WHEREAS, The Officers of the University have determined a replacement of the existing Integrated Business Information System (IBIS) at The Pennsylvania State University with a vendor-based budget and finance solution is necessary;

WHEREAS, The Board of Trustees, on November 10, 2017, approved the purchase of the SAP Corporation's "SAP S/4HANA" software for the replacement of the existing integrated IBIS system at The Pennsylvania State University;

WHEREAS, The implementation of the new software solution will require the University to engage an implementation partner to assist in the planning and implementation of such software;

WHEREAS, The University has conducted a review and analysis of the qualifications and costs of potential implementation partners through a comprehensive request for proposal (RFP) process;

THEREFORE BE IT RESOLVED, That the Officers of the University are authorized to contract with the implementation consultant Labyrinth Solutions, Inc. (d/b/a LSI Consulting) of Waltham, Massachusetts, to implement said software;

FURTHER BE IT RESOLVED, That authorization includes the purchase of training, technology and additional supporting services as necessary to successfully deploy the new SAP financial software suite;

FURTHER BE IT RESOLVED, That authorization to award contracts to complete the replacement of the existing IBIS system be approved at a total capital cost not to exceed \$67,000,000;

FURTHER BE IT RESOLVED, That the Officers of the University shall have the discretion to expend up to an additional ten percent of the approved total capital cost, as necessary.

3) **Proposed Appointment of an Architect, Seventh Floor South Addition Renovations, Penn State Health Milton S. Hershey Medical Center**

The Subcommittee on Architect/Engineer Selection will make a report and recommendation on the appointment of an architect for the Seventh Floor South Addition Renovations, Penn State Health Milton S. Hershey Medical Center.

4) **Proposed Final Plan Approval and Authorization to Expend Funds, Emergency Department Expansion Second and Third Floor Fit Out, Penn State Health Milton S. Hershey Medical Center**

In September 2017, the Board of Trustees authorized \$29.2 million for the Emergency Department (ED) Expansion at Penn State Health Milton S. Hershey Medical Center (Medical Center), the only hospital in Central Pennsylvania with both an Adult Level I and Pediatric Level I Trauma Center. That expansion will address a steadily increasing volume of emergency patients seen at the Medical Center since it moved to its current location on campus in 1995. Project construction is ongoing with an expected completion date of July 2019. At the time it was approved, the project scope included 28,000 square feet of new addition space, including shell space on the second and third floors, to be fit out as a future phase.

At this time, the University is requesting authorization to expend \$20 million to fit out the previously approved second and third floor shell space. The proposed authorization would pay for the design and construction of three operating rooms and support spaces in the new second floor area above the ED expansion. These will replace three older operating rooms in the South Addition. The new third floor shell space will be fit out with offices to increase Cancer Institute clinical and research capacity.

The project objectives include modernizing operating rooms with leading technology and capabilities, increasing surgical throughput by enabling an increase in prep and post-anesthesia care unit spaces, and adding faculty and staff space for the Cancer Institute. Completion of the second and third floor fit out in conjunction with the ED expansion will limit future disruption to occupied ED spaces below. Funding for this work will come from Hershey capital plan funds.

Will the Board of Trustees adopt the following resolutions:

RESOLVED, That the final plans for the Emergency Department Expansion Second and Third Floor Fit Out at Penn State Health Milton S. Hershey Medical Center, as designed by Pyramid Construction of Harrisburg, Pennsylvania, are approved.

FURTHER BE IT RESOLVED, That authorization to expend funds to accomplish the project in the amount of \$20,000,000 is approved.

5) **Proposed Sale of Mechanicsburg Clinic, Silver Spring Township**

In November 2014, the Board of Trustees approved the purchase of 8.25 acres of undeveloped property in Silver Spring Township, Cumberland County, Pennsylvania, for a purchase price of \$1.5 million. An outpatient medical clinic for Penn State Health Milton S. Hershey Medical Center consisting of approximately 13,500 sq. ft. was constructed on the site, with occupancy in the spring of 2017. The total project cost of \$5.3 million (\$1.5 million land acquisition and \$3.8 million construction) was paid from College of Medicine cash reserves. The University has been leasing the property to Penn State Health.

It is proposed that the University convey this property to Penn State Health, which will be the exclusive user of the facility. The land and facility has been appraised at \$5.35 million by Walters Appraisal Services, Inc. (MAI certified) as of January 2018. Proceeds of the sale will revert to the reserves of the College of Medicine.

Will the Board of Trustees adopt the following resolutions:

RESOLVED, That the Board of Trustees approves the sale of a tract of 8.25 acres and improvements situate thereon located in Silver Spring Township, Cumberland County, Pennsylvania, to Penn State Health, for the sum of \$5.35 million, and

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

6) **Proposed Assignment of a Purchase Option to Penn State Health, Derry Township**

By agreement dated August 11, 2017 (the "Hershey Company Agreement"), the University leased a portion of a building owned by the Hershey Company, located at 100 Crystal A Drive (the "Crystal A Drive Building"), Derry Township, Hershey, Pennsylvania. The leased premises are utilized primarily by Penn State Health. Included in the Hershey Company Agreement is an option right (the "Option Rights") of the University to purchase three buildings known as 100, 175, and 200 Crystal A Drive containing approximately 297,895 square feet and a parcel of real estate containing 50.9 acres.

Penn State Health will likely become the exclusive occupant of the Crystal A Drive buildings should the Option Rights be exercised. Consequently, at its February 21, 2018 meeting the Penn State Health Board of Directors unanimously recommended that the Board of Trustees authorize the assignment of the Option Rights to Penn State Health, and confirmed its intent to accept such assignment. If the assignment is approved, the decision to purchase the Crystal A Drive buildings and real estate will be exclusively determined by the Penn State Health Board of Directors, and any costs associated with such purchase would be the sole responsibility of Penn State Health. University officers recommend assignment of the Option Rights, as the University does not need or intend to purchase the facility, and the option would otherwise expire.

Will the Board of Trustees adopt the following resolutions:

RESOLVED, That the assignment of the Option Rights included in the Hershey Company Agreement to Penn State Health is hereby approved.

FURTHER BE IT RESOLVED, That the officers of the University are authorized to execute such agreements as may be necessary and appropriate to effectuate such assignment.

7) **Conflict of Interest – Proposed Approval of Purchasing Contracts with Forsheys Ag & Industrial/Golden Rule Equipment LLC**

Article VIII, Section 8.05 (a) of the *Bylaws* of the University, provides that, "A contract or transaction between the University and a Trustee, family member or an entity in which the Trustee or family member has a beneficial interest of ten percent (10%) or more and the contract or transaction is valued at \$10,000 or more must be approved by the Board of Trustees in accordance with this Section." Further, the Section provides that "the University official responsible for the matter must first conclude that it is in the best interests of the University to consider entering into such a contract or transaction" and that "the officer must first explore alternatives that do not involve an interest of the Trustee, family member or entity in which the Trustee or family member owns a beneficial interest of ten percent (10%) or more." The interested Trustee shall leave the meeting during discussion and voting. Finally, Section 8.05(a) provides that "[t]he Board shall determine by a majority vote of the disinterested Trustees whether the transaction or arrangement is in the University's best interests, the price and value provided are fair and reasonable to the University and whether to approve the transaction or arrangement."

Trustee Valerie Detwiler has a beneficial ownership of more than ten percent of Forsheys Ag & Industrial/Golden Rule Equipment LLC. The College of Agricultural Sciences currently has a need to replace certain farming equipment for its wet forage harvest operation in support of research. The operation involves a three-step process that includes mowing, merging and finally harvesting crops. Specifically, the College of Agricultural Sciences is in need of two (2) new single roter rakes to facilitate the drying of forage as dry hay, and one (1) windrow merger to combine individual swaths so that the forage can be efficiently and properly harvested. While the College is currently without a windrow merger, the roter rakes are over 20 years old and beyond their useful life. The replacement equipment is needed to support harvesting operations as early as this spring.

The College of Agricultural Sciences also has a need to replace an existing animal manure spreader which has reached the end of its useful life with major repairs and maintenance anticipated in the near future.

Will the Board of Trustees adopt the following resolutions:

WHEREAS, Duane Elmore, director of procurement services, is a responsible official for exercising due diligence in exploring alternatives in procurement matters in accordance with Article VIII, Section 8.05 (a) of the *Bylaws* of the University; and

WHEREAS, the responsible official issued a request for qualifications (RFQ) for each of the above described pieces of equipment on behalf of the College of Agricultural Sciences in

accordance with University procurement policies and explored various alternatives, taking into consideration price, availability, specifications and timeliness of delivery; and

WHEREAS, the responsible official has concluded, based on the results of the RFQ process, Forsheys Ag & Industrial/ Golden Rule Equipment LLC presents the best alternative to meet the College's need to procure the above described farming equipment and it is in the best interests of the University to enter into purchasing contracts for said equipment;

THEREFORE BE IT RESOLVED, That the proposal to enter into a one-time purchase contract with Forsheys Ag & Industrial/ Golden Rule Equipment LLC for the acquisition of two (2) Kuhn Model GA 4221 GTH Single Rotor Rakes and one (1) Kuhn Model NM 700 Merger for \$78,900 is hereby approved; and

FURTHER BE IT RESOLVED, That the proposal to enter into a one-time purchase contract with Forsheys Ag & Industrial/ Golden Rule Equipment LLC for the acquisition of one (1) Kuhn Knight Model SLC 141 ProTwin Slinger Spreader for \$22,900 is hereby approved.

E. Committee on Governance and Long-Range Planning – David C. Han, Chair

1) Proposed Appointment of Directors for Penn State Health Milton S. Hershey Medical Center

The Board of Directors of Penn State Health has recommended to the Board of Trustees the reappointment of Barry Robinson and Kathy Pape as Directors of Penn State Health Milton S. Hershey Medical Center ("Medical Center") for a term commencing July 1, 2018 and expiring June 30, 2021. Pursuant to the Bylaws of the Medical Center, the Board of Trustees has authority to confirm appointments to the Medical Center Board of Directors as recommended by Penn State Health.

Will the Board of Trustees adopt the following resolution:

RESOLVED, that the appointments of Barry Robinson and Kathy Pape to the Board of Directors of Penn State Milton S. Hershey Medical Center for a term commencing July 1, 2018 and expiring June 30, 2021 are hereby confirmed.

2) Proposed Standing Order Amendments: Public Expression

The Committee on Governance and Long-Range Planning recommends the following amendment to Section 9(b) of Order VII of the Board's *Standing Orders*.

Will the Board of Trustees adopt the following resolution:

RESOLVED, that the *Standing Orders* be amended as set forth in the appendix and presented at the meeting on May 4, 2018.

(See Appendix I)

3) Proposed Election of the Academic Trustee

The Committee on Governance and Long-Range Planning will recommend to the Board of Trustees the election of the Academic Trustee for a three-year term beginning July 1, 2018.

F. Committee on Legal and Compliance – Richard K. Dandrea, Chair

G. Committee on Outreach, Development, and Community Relations – M. Abraham Harpster, Chair

5. Informational Report on the University Faculty Senate

A report of this year's activities of the University Faculty Senate will be provided by Matthew Woessner.

6. Report on the Election of Trustees by the Alumni

A report on the election of Trustees by alumni will be given by Trustee Jubelirer.

7. Report on the Election of Trustees by Agricultural Delegates

A report on the election of Trustees by delegates from agricultural societies will be given by Trustee Detwiler.

8. 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, 2018.

9. Election of 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, 2018.

10. Announcements by the Chairman of the Board of Trustees

STANDING ORDER VII(9)DRAFT: January 30, 2018

(b) (i) The Board of Trustees welcomes the opportunity for expression of public views on issues before the Board. To accommodate such expression the Board shall reserve a portion of its regular meeting cycle for individuals who wish to address the Board.

(ii) All persons wishing to speak must preregister by completing a Request to Address form and submit it to the Office of the Secretary of the Board of Trustees no later than 48 hours before the start of the meeting (typically, Wednesday, at 1:30 p.m., 48 hours before Friday meeting at 1:30 p.m.) 9:00 a.m on the Wednesday preceding the meeting. The Secretary of the Board of Trustees will review this request and notify the person making the request whether he/she may give public comment at the next such meeting. The Board will allow up to thirty minutes for public comment/questions per meeting. An individual speaker will be permitted up to three minutes for a presentation. This will be strictly adhered to with assistance of a timekeeper. Thus, a maximum of ten speakers will be scheduled for each Board meeting.

(iii) When the number of requests to address the Board of Trustees at a given session exceeds the time available, requests will be approved based on the date the written request was received by the Secretary of the Board. In addition, preference will be given to subject matters that relate to the agenda for the relevant Board meeting and to avoid repetitiveness. Finally, the

(iv) The exact time of the public comment period would be set by the Chair of the Board, after consideration of the number of speakers and other matters on the Board's agenda. All public comments will be recorded.

(v) The Board will not hear presentations that include, in whole or entertain questions on in part, the following topics: issues under negotiation as part of the University's collective bargaining process; the employment status of any specific individual; statements concerning the private activities, lifestyles or beliefs of individuals any specific individual employed by or associated with the University; or grievances of relating to any individual students or employees; proposals student or bids for contracts; or employee. In addition, the Board will not entertain requests to participate in the public comment period by a party to any pending or threatened litigation involving or any administrative or other proceeding to which the University is a party, or by legal counsel for such party.

(vi) Speakers who comply with the Board's rules will have their remarks archived and made available on the Board's website, with such posting to be made as soon as practicable. Remarks by speakers who do not comply with the Board's rules will not be archived or made available on the Board's website. The decision on whether a speaker has or has not complied with the Board's rules will be made by the Chair of the Board, in consultation with the Secretary of the Board and the Chair of the Committee on Outreach, Development and Community Relations.

(vii) The Chair of the Board of Trustees shall have the authority to modify the provisions of this subsection (b) in his or her discretion to permit additional speakers, extend the public comment session and to make such other accommodations as may be necessary or advisable in his or her opinion to achieve the purposes of the public comment period.