



**THE PENNSYLVANIA STATE UNIVERSITY
BOARD OF TRUSTEES
PUBLIC MEETING – SEPTEMBER 14, 2018
1:00 - 3:00 P.M.
DEAN'S HALL, PENN STATER CONFERENCE CENTER HOTEL**

1. **Chair Welcome/Remarks**
2. **Call to Order/Roll Call**
3. **Presentation: *Request for 2019-2020 Appropriation for Operations***
4. **Consent Agenda Action Items [attached]**
 - a) Approval of *Minutes* from Previous Meeting
 - b) Proposed Election of Directors of The Corporation for Penn State

Finance, Business and Capital Planning

 - c) Proposed Appointment of Non-University Employees to the Penn State Investment Council
 - d) Consideration of Request for 2019-2020 Appropriation for Operations
 - e) Proposed Appointment of an Architect, James Building Replacement, University Park
 - f) Proposed Appointment of an Architect, Beaver Community Center, Penn State Berks
 - g) Proposed Appointment of an Architect for the Relocation of the Applied Research Laboratory Steam Plant, Benner Township
 - h) Proposed Final Plan, Approval and Authorization to Expend Funds, Pattee Library Renovations and Courtyard Infill, University Park
 - i) Proposed Approval of Graduate Apartment Rates
 - j) Proposed Acquisition of Nittany Village, Lower Swatara Township, Dauphin County, Pennsylvania
 - k) Proposed Acquisition of Approximately 5.0 Acres, Lower Swatara Township, Dauphin County, Pennsylvania

Governance and Long-Range Planning

 - l) Election of At-Large Membership to the Executive Committee
 - m) Proposed Appointment of Director for Penn State Health
 - n) Proposed *Standing Order* Amendments: Expectations of Membership [attached]
5. **Other Action Items [attached]**
 - a) Proposed Approval of Granting of Trustee Emeritus Status
6. **President's Report and Discussion: *One Penn State***
7. **Closing Remarks/Announcements**

9/14/2018 Consent Agenda Action Items

a) Approval of Minutes from July 20, 2018 Meeting

b) Proposed Election of Directors of The Corporation for Penn State

According to the *Bylaws* of The Corporation for Penn State, the members of the Corporation shall meet annually for the purpose of electing directors. The Pennsylvania State University is the sole member of The Corporation for Penn State.

Will the Board of Trustees adopt the following resolution:

RESOLVED, That the following persons be elected to the Board of Directors of The Corporation for Penn State:

Eric J. Barron	Ira M. Lubert
Kathleen L. Casey	Keith E. Masser
Mark H. Dambly	William F. Oldsey
David J. Gray	Matthew W. Schuyler
A. Craig Hillemeier	Robert J. Tribeck
Nicholas P. Jones	

c) Proposed Appointment of Non-University Employees to the Penn State Investment Council

2018

Blake Gall, President, MicroPlusPlus Investment Management (Boalsburg, PA)
Edward R. Hintz, Jr., President, Hintz Capital Management, Inc. (Morristown, NJ)
Joseph B. Markovich, Managing Director, J.P. Morgan Private Bank (New York, NY)

2019

Carmen J. Gigliotti, Managing Director (Retired), Private Equities, DuPontCapital Management (Wilmington, DE)
Colleen Ostrowski, Senior Vice President and Treasurer, Visa (San Francisco, CA)

2020

Gary A. Glynn, President and Chief Investment Officer (Retired), U.S. Steel & Carnegie Pension Fund (New York, NY)
J. David Rogers, Chief Executive Officer, JD Capital Management (Greenwich, CT)
Ira M. Lubert, Chairman and Co-Founder, Independence Capital Partners and Lubert Partners, L.P. (Philadelphia, PA)
J. Alex Hartzler, Managing Partner and Founder, WCI Partners, L.P. (Harrisburg, PA)

It is proposed to re-appoint Blake Gall, Edward R. Hintz, Jr., and Joseph B. Markovich, non-University employees, to membership with terms expiring in 2021.

Will the Board of Trustees adopt the following resolution:

RESOLVED, That Blake Gall, Edward R. Hintz, Jr., and Joseph B. Markovich, non-University employees, are appointed to the Penn State Investment Council for terms ending in 2021.

9/14/2018 Consent Agenda Action Items

d) Consideration of Request for 2019-2020 Appropriation for Operations

Will the Board of Trustees adopt the following resolution:

RESOLVED, That the Officers of the University are authorized to submit to the Legislature, appropriate departments, and offices of the Commonwealth of Pennsylvania, a State Appropriation Request for fiscal year 2019-2020 in the amount of \$347,009,000.

e) Proposed Appointment of an Architect, James Building Replacement, University Park

The Subcommittee on Architect/Engineer Selection will make a report and recommendation on the appointment of an architect for the James Building Replacement at University Park.

f) Proposed Appointment of an Architect, Beaver Community Center, Penn State Berks

The Subcommittee on Architect/Engineer Selection will make a report and recommendation on the appointment of an architect for the Beaver Community Center at Penn State Berks.

g) Proposed Appointment of an Architect for the Relocation of the Applied Research Laboratory Steam Plant, Benner Township

At its May 2017 meeting, the Board of Trustees appointed Hoffman Leakey Architects to design the Applied Research Laboratory (ARL) Energy Science and Power Systems Test Facility in Benner Township. The firm was subsequently hired to complete a feasibility study for the relocation of the ARL Steam Plant to the same secured location to mitigate risk at its current location adjacent to a residential development in Patton Township. The cost estimate for this relocation was initially below the threshold for BOT approval and ARL representatives continued working with Hoffman Leakey Architects on the design of the industrial building at the new location.

ARL has since been awarded additional sponsored research contracts necessitating an expanded scope to the ARL Steam Plant Relocation project. Consequently, the revised cost estimate has increased to \$10.2 million, or slightly above the threshold for the Board appointment of the architect. While we are still only in the programming phase of this project, it is expected that the cost estimate will not decrease below the \$10 million threshold.

Due to an expedited project schedule, the Office of Physical Plant and ARL leadership support appointing Hoffman Leakey Architects to design the relocated steam plant.

Will the Board of Trustees adopt the following resolution:

RESOLVED, That Hoffman Leakey Architects, of Boalsburg, Pennsylvania, is the architect of record for the design of the Relocation of the Applied Research Laboratory Steam Plant in Benner Township.

h) Proposed Final Plan, Approval and Authorization to Expend Funds, Pattee Library Renovations and Courtyard Infill, University Park

In 2009, the Penn State University Libraries completed a multi-phase plan to transform portions of the Pattee-Paterno Library facility into a collaborative Knowledge Commons environment. The first very successful phase was constructed in 2009. Over the past several years, Penn State has invested over \$11 million to complete further phases.

9/14/2018 Consent Agenda Action Items

The next phase in the plan includes the construction of a four-level infill of an underutilized interior courtyard. The new space will improve wayfinding and connectivity between the Central and West Pattee portions of the library plus provide spaces for student collaboration and expanded Library services.

The project scope also includes a Knowledge Commons-themed renovation to an approximately 17,000 square foot portion of the West Pattee ground floor, including a large flexible meeting/seminar room, student group study rooms, and numerous informal gathering and reading areas. A renewal of the exterior terrace will also be included in this project.

Will the Board of Trustees adopt the following resolutions:

RESOLVED, That the final plans for the Pattee Library Renovations and Courtyard Infill, as designed by WTW Architects of Pittsburgh, Pennsylvania, are approved.

FURTHER BE IT RESOLVED, That authorization to expend funds to accomplish the project in the amount of \$17,300,000 is approved.

i) Proposed Approval of Graduate Apartment Rates

It will be necessary to increase monthly lease rates for graduate student apartments at University Park for the 2019-20 academic year because of operating and facility maintenance costs.

Will the Board of Trustees adopt the following resolution:

RESOLVED, That the monthly lease rates for graduate apartments at University Park 2019-20 be increased as shown below, as part of this resolution.

	2018/19 Rate	Operating Increase	Capital Assessment	2019/20 Proposed Rate	Amount of Increase
1 Bedroom	\$1,125	\$10	\$10	\$1,145	\$20
2 Bedroom	\$1,275	\$10	\$10	\$1,295	\$20
3 Bedroom	\$1,430	\$0	\$0	\$1,430	\$0
3 Bedroom w 1.5 baths	\$1,445	\$0	\$0	\$1,445	\$0
Quad Apartment <i>(per person)</i>	\$905	\$5	\$10	\$920	\$15

j) Proposed Acquisition of Nittany Village, Lower Swatara Township, Dauphin County, Pennsylvania

The fastest growing Commonwealth Campus, Penn State Harrisburg's total enrollment has increased from 4,441 to 5,077, or by 14%, between 2013 and 2017. The incoming freshman class for the Fall 2018 semester is over 1050 students – a 28% increase over the last five years. Additionally, the profile of first-year students has changed significantly, with out-of-state and

9/14/2018 Consent Agenda Action Items

international students now comprising 50% of first-year enrollments. Of the remaining first-year students, approximately 28% are Pennsylvania residents from outside the primary market area of the campus.

The Penn State Harrisburg 2014/15 to 2018/19 Strategic Plan anticipated strong growth in student enrollments, and recognized the long-term benefits associated with transforming the campus into a destination, four-year residential college offering both undergraduate and graduate degree programs in the growing Southcentral Pennsylvania region. However, Penn State Housing & Food Services currently offers only 433 beds on campus. At 8.5% of Fall 2017 enrollment, this represents the lowest percentage of available Penn State-owned housing capacity per student among all residential Commonwealth Campuses. The five-year average wait list for both first year and returning students is 400.

While new private off-campus housing has aimed to meet the demand for increased beds, the current Campus Master Plan recommends expanding future on-campus, University-owned housing to provide quality residence life programs to a rapidly growing residential student body. Such programs promote stronger student engagement, assist with first-year transition, and enhance overall student experience and success by creating communities that are diverse, inclusive, engaging, and caring.

The University now has the opportunity to expand on-campus housing by acquiring Nittany Village, a 267-bed student housing complex comprising three separate buildings and 101,460 gross square feet. Located on 5.53 acres immediately adjacent to the main entrance to campus and across from the planned new Middletown Amtrak rail station, Nittany Village was built in 2012 to Penn State’s design and construction standards. The facilities also incorporate many “green technologies” to promote energy efficiency and sustainability. The project was recognized with the Associated Builders and Contractors Project of the Year and Sustainable Green awards.

Will the Board of Trustees adopt the following resolutions:

RESOLVED, That the Board of Trustees approves the acquisition of the Nittany Village property at 451 West Main Street, Middletown, Lower Swatara Township, Dauphin County, Pennsylvania, comprised of 5.53 acres and three separate buildings totaling 101,460 gross square feet, from Lawrence Street Partners, L.P. for \$21,900,000.

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

k) Proposed Acquisition of Approximately 5.0 Acres, Lower Swatara Township, Dauphin County, Pennsylvania

The fastest growing Commonwealth Campus, Penn State Harrisburg’s total enrollment has increased from 4,441 to 5,077, or by 14%, between 2013 and 2017. It currently ranks as the largest Commonwealth Campus in total student enrollment. *The Penn State Harrisburg 2014/15 to 2018/19 Strategic Plan* anticipated strong long-term growth, with enrollments projected to increase by 18% through 2025.

The University has the opportunity to acquire approximately 5.0 acres of undeveloped land immediately adjacent to the Penn State Harrisburg campus. Currently part of a larger 13.8-acre tract of land, the 5.0-acre site is currently leased by the University for use as practice fields for Penn State Harrisburg athletics programs.

9/14/2018 Consent Agenda Action Items

Will the Board of Trustees adopt the following resolutions:

RESOLVED, That the Board of Trustees approves the acquisition of approximately 5.0 acres of property immediately adjacent to the Penn State Harrisburg campus in Lower Swatara Township, Dauphin County, Pennsylvania, from Spring Street Property, L.P., for an amount not to exceed \$2,500,000.

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

l) Election of At-Large Membership to the Executive Committee

In accordance with the *Bylaws* (Article III; Section 3.02), at-large members for appointment to the Executive Committee can be nominated by the Committee on Governance and Long-Range Planning, with election by the Board, as necessary to have an executive committee of thirteen (13) members.

Will the Board of Trustees adopt the following resolution:

RESOLVED, That Barbara L. Doran and William F. Oldsey be elected as at-large members to the Executive Committee of the Board of Trustees.

m) Proposed Appointment of Director for Penn State Health

The Board of Directors of Penn State Health recommends to the Board of Trustees the appointment of Mr. Timothy P. Brown to the Board of Directors of Penn State Health, in order to fill a vacancy resulting from the resignation of Mr. Dennis P. Brenckle which was effective on July 25, 2018. Mr. Brown currently serves as a member of the Board of Directors of the Penn State Health Milton S. Hershey Medical Center but will be resigning from that position upon confirmation of this appointment. The term of the appointment would commence on the date this resolution is adopted and extend until June 30, 2019.

RESOLVED, That Timothy P. Brown is hereby appointed as a member of the Board of Directors of Penn State Health effective upon the date of this Resolution and expiring June 30, 2019.

n) Proposed Standing Order Amendments: Expectations of Membership

The Committee on Governance and Long-Range Planning recommends the following amendment to Section VIII(1)(d) 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 below, as shown in Appendix 1.

(Appendix 1)

Proposed Amendments to *Standing Order VIII(1)(d)*

For violation of the Board's expectations of membership as set forth in *Standing Order VIII(1)(d)*, the chair of the Board, in consultation with the Board's vice-chair, shall have the discretion to take any or all of the following actions:

- a) Remove a trustee from any Board leadership position, including the positions of chair or vice-chair of any committee or subcommittee;
- b) Remove a trustee from any committee, subcommittee or other Board assignment;
- c) Pursue the adoption of a full Board resolution, or publicly issue a letter from the chair, censuring the offending trustee;
- d) Privately issue a letter of censure with or without notice to the Board; in the case of a private letter of censure with notice to the Board, the letter would be confidential, and Board members would be requested to maintain the confidentiality of the communication; and/or
- e) Discuss the breach with the offending trustee and without notice to the Board.

Before taking any of the above-described actions (a) – (c), the chair of the Board shall also consult with the chair and vice-chair of the Committee on Governance and Long-Range Planning and, in the case of an action described in (b) above, with the chair of any affected Committee. In the event that the chair or vice chair of the Board, the chair or vice chair of the Committee on Governance and Long-Range Planning or the chair of any affected Committee is the subject of the action to be taken, such individual would be recused from participating in any such consultation.

Additionally, before taking any of the above-described actions, the chair and vice-chair of the Board shall communicate with the offending trustee to specify the nature of the perceived offense, to clarify the expectations of Board leadership, and to provide an opportunity for the trustee to explain his/her actions and otherwise respond to the alleged violation. In deciding whether to impose a sanction for violation the expectations of membership, the Board chair shall take into account the position of the trustee charged with the violation, and shall also consider whether the violation is a first-time, or repeated, offense, the public or private nature of the offense and the severity of the injury or potential injury to the Board or the university arising from the violation.

The imposition of any sanctions hereunder for violation of the Board's expectations of membership shall not inhibit the capacity of the Board to remove a trustee pursuant to §2.03 of the *Bylaws* for any misconduct that constitutes a breach of a trustee's fiduciary duties.

9/14/2018 Other Action Items

a) **Proposed Approval of Granting of Trustee Emeritus Status**

In accordance with *Standing Order IX*, the Committee on Governance and Long-Range Planning will make a report and accompanying recommendations to the Board with respect to the granting of trustee emeritus status.