



**PennState**

**Meetings of the Board of Trustees | May 6, 2016**

# **Minutes**

**MINUTES OF MEETINGS OF  
BOARD OF TRUSTEES  
VOLUME 293  
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MINUTES OF MEETING

**BOARD OF TRUSTEES**

VOLUME 293

May 6, 2016

A meeting of the Board of Trustees was held in the Dean's Hall of the Penn Stater Conference Center Hotel, in University Park, PA, at 1:39 p.m. on May 6, 2016.

The following Trustees were present: Masser (chairman), Lubert (vice chairman), Barron, Benson, Brown, Capretto, Casey, Cotner, Dambly, Dandrea, Doran, Dunn, Eckel, Fenza, Goldstein, Han, Harpster, Hoffman, Huber, Jubelirer, Lord, Lubrano, McCombie, Mead, Metaxas, Oldsey, Pope, Potts, Rakowich, Redding, Rivera, Salvino, Schneider, Schuyler, Silvis, Tribeck, and Weinstein. The Governor's non-voting representative, Mr. Shipley, was also in attendance. Emeriti Trustees Coppersmith, Jones, Myers, Shaffer, and Wise were also present.

Present by invitation were faculty representatives Strauss, Taylor, and Woessner; Academic Leadership Council Chair Milone-Nuzzo; student representatives Ford, Horne, and Shusharin; representatives Blew, Jordan, and Warner; and staff members Andrews, Basso, DiRaimo, Dunham, Gray, Guadagnino, Hanes, Hillemeier, Jones, Kirsch, Lokman, Mulroy-Degenhart, Pangborn, Poole, Sharkey, Sims, and Weidemann.

An opportunity for public comment was provided on May 6, 2016, during a public session of the Board at 8:00 a.m. in Room 207 of the Penn Stater Conference Center Hotel. Eight speakers shared their views:

Jeff Goldsmith, alumnus  
Cheryl Fleagle, spouse of alumnus  
David Hughes, faculty  
Parand Jalili, student  
Kelli Hoover, faculty  
Andrew McKinnon, alumnus  
Susan Venegoni, borough resident  
Alexander Shockley, student

Chairman Masser's opening remarks are included as follows:

"Good afternoon, and welcome. To begin, I'd like to say a few words about Penn State's 14th President, Bryce Jordan, who passed away on April 12th at the age of 91. Dr. Jordan served as President from 1983 to 1990. During his tenure, the University embarked on the first major capital campaign, initiated the first strategic planning process and joined the Big 10 Conference. In addition, he led significant efforts to increase underrepresented populations among students, faculty and staff. Bryce is also remembered for his warmth, intelligence, energy and charisma in all of his interactions. Penn State is a better place thanks to his many contributions. I want to take a moment on behalf of the Board to extend our sympathies to his wife Barbara, his family, and the many friends he encountered upon his life's journey. Let's please have a moment of silence in his memory.

"Now, I wish to recognize some new colleagues that we look forward to working with. First, I want to welcome Bill Shipley. Bill received his MBA from Penn State, and he is President of the Shipley Group. Appointed by Governor Wolf as his representative to the Board, please join me in welcoming him to his first meeting.

"On March 15th, I was honored to address the University Faculty Senate and I continue to appreciate the collegiality and engagement of that group. With us today, are

new Faculty Senate officers. Chair Jim Strauss and Chair-elect Matthew Woessner, and Secretary Anne Taylor. This is the first meeting of these senate officers in their respective positions. We look forward to working with all of you. Elections for student leadership positions were held recently and we're pleased to welcome several new faces and continue our work with some returning student colleagues. Kevin Horne was re-elected as President of the Graduate and Professional Student Association. Pavel Shusharin will be President of the Council of Commonwealth Student Governments, and Terry Ford, who was last year's Vice President for the University Park Undergraduate Association was elected President. Also, we welcome Katie Jordan as Vice President of the UPUA. Katie will serve on the Committee on Governance and Long-Range Planning.

"It was recently announced that Rod Kirsch, Senior Vice President for Development and Alumni Relations will be retiring after 20 years and leading Penn State through two, seven-year billion dollar plus capital campaigns. I was struck in the announcement [Rod] that you mentioned you felt extremely lucky that your career provided a calling that has touched many lives. Please know, Rod, that all of us in the University community are the lucky ones for having had the privilege of working with someone with your dedicated spirit and passion. Your efforts have been transformative and continue to touch many Penn State lives well past your tenure. On behalf of the Board, thank you, Rod.

"As the academic year concludes with commencement ceremonies during the next few days, I'd like to thank the dedicated faculty, staff, students and alumni who focus each day on the mission of this great institution. And for those graduating on behalf of the Board, we wish you much success and hope you have rewarding careers and fond memories of your time at Penn State. Finally, please note that the Board met this morning in executive session to discuss various privileged matters. We have a full Agenda before us, and I want to be sensitive to obligations surrounding commencement and other ceremonies, so let's proceed with today's business."

The roll was called by Janine Andrews, Associate Secretary of the Board. Following the roll call, the Board voted to approve the *Minutes* of the meetings of the Board held on February 26, 2016.

### **President's Report**

Dr. Barron's presentation provided a summary of progress on 11 goals set for 2015-16. He noted this is a new process, and done in collaboration with the Board of Trustees. The goals covered are: 1. Successfully launch access and affordability initiative; 2. See opportunities for increased savings and increased revenue; 3. Successfully launch the economic development, job creation and student career success initiative; 4. Address major issues of campus and public concern for higher education; 5. Prepare to launch the next capital campaign for Penn State; 6. Create a framework for advancing diversity and inclusion; 7. Create a framework for advancing student engagement and engaged scholarship; 8. Create a framework to advance innovations in teaching and learning; 9. Establish a strong, positive relationship with the Wolf administration and PA legislature; 10. Address any limitations/recommendations related to Middle States accreditation; 11. Ensure that the University's strategic enterprise creates a path for continued and enhanced excellence. After each goal Dr. Barron described the programs and progress that are underway, and added some future direction.

He concluded his remarks by announcing/awarding Evan Pugh University Professorship medals to the 2016 honorees: Katherine H. Freeman, Distinguished Professor of Geosciences in the College of Earth and Mineral Sciences; Thomas La Porta, William E. Leonard Professor, Computer Science and Engineering and Director of the Institute of Networking and Security Research; and Karen L. Bierman, Director of the Child Study Center at Penn State and McCourtney Professor of Child Studies.

Dr. Barron responded to questions and comments about the following:

- Mandatory student engagement
- Increased focus and strength in the area of climate research and outreach
- Economic development

- Launch Box initiatives

For the full text of Dr. Barron's report and companion slides, refer to Appendix I.

[Appendix I]

### **Provost's Report**

Dr. Jones noted that while Penn State faced challenges during the past year, such as the prolonged budget stalemate in Harrisburg, the University still launched its new five-year Strategic Plan, and then moved forward quickly once the state appropriations bill became law. He lauded Penn State students, faculty, and staff for their perseverance and dedication during that time.

Dr. Jones then noted that commencement ceremonies were scheduled throughout the weekend, and that the soon-to-be-graduates further represented how the University has a big impact on society. Finally, he expressed his pride for the student body, and encouraged all to celebrate their accomplishments to date and in the future as outstanding global citizens.

For the full text of Dr. Jones' report and companion slides, refer to Appendix II.

[Appendix II]

### **Reports from Standing Committees**

Chairman Masser advised that Standing Committees met in public session on Thursday, May 5, 2016, to consider any information or action items to come before the board at the May 6, 2016 meeting. Any action item considered and voted on in the Committee was included in reports by the respective Committee chairs. The full Board was asked to consider Committee recommendations at the conclusion of each report.

#### **A. Committee on Academic Affairs and Student Life**

Chair Abe Harpster reported that the Committee on Academic Affairs and Student Life met on Thursday, May 5, with a quorum of the Committee present.

The Committee received the following items for information:

1. Information on Undergraduate Programs
  - a) Graphic Design in the College of Arts and Architecture: New Minor
  - b) Engineering Entrepreneurship in the College of Engineering: Close Minor
  - c) Bachelor of Science in Information Sciences and Technology and Master of Science in Information Sciences and Technology, College of Information Sciences and Technology: New Integrated Undergraduate/Graduate Program
  - d) Bachelor of Science in Security and Risk Analysis and Master of Science in Information Sciences and Technology, College of Information Sciences and Technology: New Integrated Undergraduate/Graduate Program
  - e) Global Language and Culture at Penn State Altoona: New Minor
  - f) Hotel, Restaurant, and Institutional Management at Penn State Berks: Close Associate in Science
  - g) Materials Engineering Technology at University College (Penn State DuBois): Close the Associate in Engineering Technology
2. Information on Graduate Programs
  - h) Management and Organizational Leadership in the Smeal College of Business: New Master of Professional Studies

The Committee received an update from Trustee Alice Pope and her working group on the Committee Operating Guidelines; the Committee unanimously recommended that they be forwarded to the Committee on Governance and Long-range Planning for final review.

Provost Nick Jones provided updates on the implementation of the University *Strategic Plan* and his spring campus visits. Damon Sims, Vice President for Student Affairs, briefed the committee on mental health services, alcohol and drug use, and the fraternity and sorority task force. Robert Pangborn, Vice President and Dean for Undergraduate Education, updated the Committee on LionPATH, admissions for the class of 2020, and graduation numbers.

The Committee received reports from student leaders Terry Ford, President of the University Park Undergraduate Association; Kevin Horne, President of the Graduate and Professional Student Association; and Shawn Lichvar, Council of Commonwealth Student Governments Chief of Staff, on initiatives for the 2016-2017 academic year.

Finally, the Committee received reports from Student Affairs Research and Assessment Director and Senior Analyst, Adam Christensen; Student Affairs Center for Women Students Director, Peggy Lorah; and Paul Apicella, Penn State Title IX Coordinator. The group presented information about the findings of the University Climate Survey, and provided an update on Title IX implementation.

The Committee on Academic Affairs and Student Life recommended that the Board of Trustees approve the following resolutions:

1. RESOLVED, that the name of the Division of Business and Engineering at Penn State Altoona be changed to the Division of Business, Engineering, and Information Sciences and Technology (BEIST), retroactively effective November 2015.
2. RESOLVED, that the name of the School of Languages and Literatures in the College of the Liberal Arts be changed to the School of Global Languages, Literatures, and Cultures, effective immediately.
3. RESOLVED, that the name of the Department of Meteorology in the College of Earth and Mineral Sciences be changed to the Department of Meteorology and Atmospheric Science, effective immediately.
4. RESOLVED, that the name of Department of Anesthesiology in the College of Medicine be changed to the Department of Anesthesiology and Perioperative Medicine, retroactively effective September 2015.

In reference to Agenda Item 5.A.4., it is noted that the Board received the following information from the College and Department, which provides additional context and framework:

The Department of Meteorology has a long and storied 75+ year tradition and has been at the forefront of meteorological research in the world. The proposed name change to the Department of Meteorology and Atmospheric Science recognizes the public perception of the field of meteorology and the expansion of our faculty expertise during the past few decades. The public perceives meteorology to be weather and weather forecasting. Atmospheric science is perceived to encompass other fields of endeavor in which our faculty also have expertise, such as climate and atmospheric chemistry. Many of our faculty members are internationally recognized for their work in meteorology as well as these disciplines outside of what the public perceives as meteorology. The new name will help students to discover the department and the expertise of our faculty. The new name will also help students as they seek employment after their degree is completed, as it will accurately represent the knowledge and skills they have gained. The proposed Department of Meteorology and Atmospheric Science benefits both our students

and faculty, as it recognizes the complete range of our faculty expertise and undergraduate and graduate student knowledge.

A motion to approve the foregoing resolutions as recommended by the Committee on Academic Affairs and Student Life was made and seconded and approved by the Board.

**B. Committee on Audit and Risk**

Chair Walt Rakowich reported that the Committee on Audit and Risk met on Thursday, May 5, with a quorum of the Committee present.

The Committee reviewed the roles and responsibilities matrix, as well as the Committee's Charter and Operating Guidelines, which codify the purpose, composition, authority, meeting framework, and responsibilities. Joseph J. Doncsecz, Associate Vice President for Finance and Corporate Controller, noted the Budget A 133 reports. Director of Internal Audit, Daniel P. Heist, provided an internal audit follow-up report, covering the status of audit issues for which follow-up reports were received as of March 31, 2016. The Committee also discussed Internal Audit "customer" satisfaction surveys to assess quality assurance standards, which are framed by the Institute of Internal Auditors Standards. Finally, Trustee Don Cotner and Gary Langsdale, University Risk Officer, provided an update on the work of the Subcommittee on Risk.

There were no action items presented to the Board.

**C. Committee on Compensation**

Chair Paul Silvis reported that the Committee on Compensation met on Thursday, May 5, with a quorum of the Committee present. Per the duties and responsibilities contained in the Committee's Operating Guidelines, the Committee is charged with recommending for Board's approval, the President's goals and objectives; to evaluate at least once a year, the President's performance in light of these established goals; to review peer compensation information, which targets total compensation, and based on this information; and to recommend the President's annual compensation. Susan Basso, Vice President for Human Resources, provided the Committee with a draft evaluation tool, which was discussed and approved for use in soliciting presidential performance feedback from various University constituents, including the full Board of Trustees. The process for ensuring full Board input was also discussed.

The Subcommittee on Risk has adopted its 2016 list of risks for oversight by Board Committees. The Committee on Compensation will begin working through the risks assigned to it, those being succession of leadership and key personnel and potential retention issues. Finally, the Committee reviewed and discussed a presentation prepared by the compensation consultant entitled *Succession Planning in Higher Education*, which included information on today's executive talent environment, what succession planning is, and what are effective approaches.

Following the public meeting, the Committee met in Executive Session to discuss a personnel matter.

There were no action items presented to the Board.

**D. Committee on Finance, Business and Capital Planning**

Chair Mark Dambly reported that the Committee on Finance, Business, and Capital Planning met on Thursday, May 5, with a quorum of the Committee present.

The Committee received the following items for information:

1. Information Items –
  - a) Thomas Building and Greenberg Renovations for Swing Space, University Park
  - b) 331 Building Fit Out, Innovation Park

- c) Grange Building Renovations, University Park
  - d) Reber Building HVAC Upgrades, University Park
  - e) Chambers Building Renovations, University Park
  - f) Track and Field Stadium Track Replacement, University Park
  - g) Cellular and Molecular Physiology Laboratory Renovations, The Milton S. Hershey Medical Center
  - h) Delta Pointe Medical Facility, The Milton S. Hershey Medical Center
  - i) Naming of the Building at 2185 Sandy Drive, State College, PA the "Science Park Library Annex"
  - j) Naming of Rooms, Portions of Building, and Plazas
  - k) Status of Major Construction Programs and Borrowing
  - l) Long Term Investment Pool Report
2. Action Items –
- a) Summary of Revised Funds
  - b) Summary and Acknowledgement of New Funds and Major Commitments
  - c) Proposed Naming of Various Roads, University Park

Chair Dambly noted that in advance of Thursday's meeting, the Committee was provided with opportunities for briefings and inquiry on agenda items, to ensure each Trustee had a comfortable level of information and to address any outstanding inquiries. Two separate webinar offerings, along with accompanying detailed information on the Board portal was supplemented with the University's administration making itself available to answer questions or dialogue with Trustees seeking additional information. During the meeting on Thursday, the Committee received a report on the status of the Commonwealth appropriation request.

Chair Dambly continued with his introductions of Agenda Items for consideration and approval. Agenda Item 2 proposed the interim maintenance and operating budget for the fiscal year beginning July 1, 2016. The Committee recommended this resolution by unanimous vote.

Agenda Item 3 proposed a final plan approval and authorization to expend funds for the Agricultural Engineering Building Renovation at University Park, as designed by the firm of EYP of New York, New York. The Committee recommended this resolution by unanimous vote.

Agenda Item 4 proposed the appointment of an architect, Poltronieri Tang and Associates of Swarthmore, Pennsylvania, and authorization to expend funds at the Hershey Medical Center. The Committee recommended this resolution by unanimous vote.

Agenda Item 5 proposed the purchase of a building from MPI Research, Inc. The Committee recommended this resolution by unanimous vote.

Agenda Item 6 proposed a multi-year capital plan assessment on housing room rates for fiscal years 2017 to 2023. The Committee recommended this resolution by unanimous vote.

The Committee on Finance, Business and Capital Planning recommended that the Board of Trustees approve the following resolutions:

1. RESOLVED, That the conditions governing certain existing scholarships, fellowships, awards, and similar funds previously established at the University, identified in the *Summary of Revised Funds* for the period February 1, 2016 to April 8, 2016, be revoked and that the Officers of the University are authorized to put into effect the revised regulations as requested by the donors.
2. RESOLVED, That the Board of Trustees gratefully acknowledges the generous contributions of the many friends of the University identified in the Summary and Acknowledgement of New Funds and Major Commitments, in support of endowments, funds, and other major



commitments as reported to the Committee on Finance, Business and Capital Planning at its meeting of May 5, 2016.

FURTHER BE IT RESOLVED, That the Officers of the University are authorized to convey the Board's appreciation to these generous benefactors who provide opportunities for many students to receive a quality education.

3. 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, 2016, total budget amounts at the level of the adjusted 2015-16 budget as follows:

	<b>University Park and Other Locations</b>	<b>College of Medicine</b>	<b>Pennsylvania College of Technology</b>	<b>Total University</b>
General Funds	\$ 1,893,247,000	\$ 123,805,000	\$ 109,042,000	\$ 2,126,094,000
Agricultural Federal Funds	21,862,000			21,862,000
Restricted Funds	542,995,000	106,600,000	16,060,000	665,655,000
Auxiliary Enterprises <sup>a</sup>	396,332,000	3,644,000	28,953,000	428,929,000
<b>Total</b>	<b>\$ 2,854,436,000</b>	<b>\$ 234,049,000</b>	<b>\$ 154,055,000</b>	<b>\$ 3,242,540,000</b>
Milton S. Hershey Medical Center				1,649,693,000
<b>Total Funds</b>				<b>\$ 4,892,233,000</b>

<sup>a</sup> Includes increase in room and board charges as approved by the Board of Trustees, February 26, 2016.

4. RESOLVED, That the final plans for the Agricultural Engineering Building Renovation at University Park, as designed by the firm of EYP of New York, New York, are approved.

FURTHER BE IT RESOLVED, That authorization to award contracts to construct the project be approved at a cost of \$44,500,000.

5. RESOLVED, That the Officers of the University are authorized to employ Poltronieri Tang and Associates of Swarthmore, Pennsylvania, to design the renovations to the Women's Health Unit at The Milton S. Hershey Medical Center.

FURTHER BE IT RESOLVED, That the Officers of the University are authorized to employ Poltronieri Tang and Associates of Swarthmore, Pennsylvania, to design future phases of renovations to the Women's Health Unit at The Milton S. Hershey Medical Center.

FURTHER BE IT RESOLVED, That the final plans for Phase Two of Women's Health Unit Renovations at The Milton S. Hershey Medical Center, as designed by Poltronieri Tang and Associates, are approved.

FURTHER BE IT RESOLVED, That authorization to expend funds to construct Phase Two is approved at a cost of \$11,000,000.

6. RESOLVED, That the Board of Trustees approves the acquisition of the property at 3058 Research Drive in Ferguson Township, comprised of .84 acres and a three story 18,000 square foot building, from MPI Research, Inc. for \$2,250,000.

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.

7. RESOLVED, That the annual room rates for all locations between fiscal years ending 2017-2023 be further adjusted over and above the annual operating costs for housing by the amounts shown in Schedule I attached hereto and which is part of this resolution.

[Appendix III]

A motion to approve the foregoing resolutions as recommended by the Committee on Finance, Business and Capital Planning was made and seconded and approved by the Board.

**E. Committee on Governance and Long-Range Planning**

Chair Keith Eckel reported that the Committee on Governance and Long-Range Planning met Thursday, May 5, with a quorum of the Committee present.

The Committee considered the appointment of members of the Board of Directors of the Milton S. Hershey Medical Center. The Committee recommended this resolution by unanimous vote.

The Committee considered proposed revisions to the *Bylaws* of the Board to incorporate amendments adopted in March 2014 that were omitted from the current governing document. The Committee recommended this resolution by unanimous vote.

The Committee discussed the resolution approved at the February meeting which established to 2017 meeting dates of the Board, with an emphasis on the purpose of the January 2017 meeting dates. Members of the Board were surveyed and it was concluded that it would be beneficial to utilize the January dates for a Trustee Retreat and/or Executive Session. The Committee determined that flexibility should be recognized, particularly if there is need for a public meeting to be held at that time.

Trustees also completed a survey to assist leadership in exploring Board meeting formats, informational sharing, and time allowances. Vice President for Administration, Tom Poole, provided an overview of the survey results.

The Committee reviewed a white paper that was developed to determine a process and timeline for the annual identification of skill sets and diversity needs of Board selection processes. The Committee reviewed revised expectations of membership based upon feedback received from the February meeting; further discussion will occur at the July meeting. Gary Langsdale provided remarks about risk and the Committee's oversight obligations.

The Committee's discussion of the Committee on Outreach, Development and Community Relations was deferred until July.

The Committee on Governance and Long-Range Planning recommended that the Board of Trustees approve the following resolutions:

1. RESOLVED, that the appointment of the following individuals to the Board of Directors of The Milton S. Hershey Medical Center is hereby confirmed, with terms to commence upon the filing of Amended Articles of Incorporation for The Milton S. Hershey Medical Center (as approved on February 24, 2016) and to expire on the dates indicated:

Keith E. Masser (term to expire on June 30, 2019)  
Jeanne D. Arnold (term to expire on June 30, 2019)  
Barry K. Robinson (term to expire on June 30, 2018)  
Dennis P. Brenckle (term to expire on June 30, 2017)

2. RESOLVED, That the Bylaws of The Pennsylvania State University be amended as set forth in the appendix and presented at the meeting on May 6, 2016.

[See Appendix IV]

A motion to approve the foregoing resolutions as recommended by the Governance and Long-Range Planning was made and seconded and approved by the Board.

**F. Committee on Legal and Compliance**

Rick Dandrea, Chair of the Committee on Legal and Compliance, reported that the Committee met on Thursday, May 5, with a quorum of the Committee present.

The Legal and Compliance Committee discussed the proposed sale of alcoholic beverages. The Athletic Department proposes a change in the University department policy regarding the sale of alcoholic beverages at the University's intercollegiate events; for example, football games at Beaver Stadium; and non ICA events such as concerts at the Bryce Jordan Center. In the case of ICA events, the sale and service of alcoholic beverages will be limited to controlled locations. At non-ICA events, carefully regulated sales would occur at concerts at the Bryce Jordan Center. The proposal also includes the sale of alcoholic beverages at the University's golf courses. The Committee recommended this resolution by unanimous vote.

Regis Becker, University Ethics and Compliance Director, Officer, led a discussion on how best to facilitate board oversight of the University's Ethics and Compliance program. The Committee also began to address a cost benefit analysis of the University's compliance activities.

Following the public meeting, the Committee received a privileged legal update in Executive session.

The Committee on Legal and Compliance recommended that the Board of Trustees approve the following resolutions:

1. WHEREAS, It is the desire of The Pennsylvania State University to sell and serve alcoholic beverages at certain events held at University intercollegiate athletics venues on the University Park campus; and

THEREFORE BE IT RESOLVED, That the sale and service of alcoholic beverages at events held at University intercollegiate athletics venues on the University Park campus (Beaver Stadium, Bryce Jordan Center, Recreation Hall, Pegula Ice Arena, Medlar Field at Lubrano Park, and the Golf Courses) in the manner and scope presented to the Board of Trustees at this meeting be authorized on terms, conditions, limitations and restrictions established by the Director of Intercollegiate Athletics with

the approval of the Senior Vice President for Finance and Business/Treasurer; and

FURTHER BE IT RESOLVED, That the Senior Vice President for Finance and Business/Treasurer is authorized to execute, deliver and file all necessary applications, documents and instruments, and any other papers required by the Pennsylvania Liquor Control Board, in connection with the foregoing.

A motion to approve the foregoing resolutions as recommended by the Committee on Legal and Compliance was made and seconded and approved by the Board, 33-2. Trustees Betsy Huber and Dan Mead cast a "no" vote on this item.

**G. Committee on Outreach, Development and Community Relations**

Dan Mead, Vice Chair of the Committee on Outreach, Development and Community Relations, reported that the Committee met Thursday, May 5, with a quorum of the Committee present.

The Committee received a report from Kevin Steele, President of the Penn State Alumni Association which provided an update on key initiatives, including the Alumni Attitude Study; the induction of Alumni Achievement Award recipients; and the April meeting of the Alumni Council. Paul Clifford, Executive Director of the PSAA, provided an overview of the Career Services Program. Mike DiRaimo, Vice President of Government and Community Relations, and Zack Moore, Assistant Vice President of Government and Community Relations, provided an update on the conclusion of the 2015-2016 State budget, an overview of the current budget discussions in Harrisburg, as well as other legislative matters of interest.

Lawrence Lokman, Vice President for Strategic Communications, and Tracy Powell, Associate Vice President for Marketing, discussed the current marketing campaign. Finally, Senior Vice President for Development and Alumni Relations, Rod Kirsch, shared information on plans for the upcoming campaign, outlining major aspirations and priorities for the next five years.

There were no action items presented to the Board.

**Recommendation for Approval of Administrative Appointment**

The Board of Trustees adopted the following resolution:

RESOLVED, That the Board of Trustees hereby approves President Eric J. Barron's appointment of Neil A. Sharkey to the position of Vice President for Research, effective May 9, 2016.

**Corporation for Penn State: Amended and Restated Bylaws and Articles of Incorporation**

The Board of Trustees considered the following resolutions:

WHEREAS, the Board of Directors of the Corporation for Penn State (the "Corporation") has approved, and has recommended to the Board of Trustees to approve, changing the composition of the membership of the Corporation from the individuals that are members of the Penn State Board of Trustees to Penn State as the sole member.

WHEREAS, the Board of Trustees has determined that it is in the best interest of the Corporation to so change the composition of the membership of the Corporation.

THEREFORE BE IT RESOLVED, that the Board of Trustees hereby approve the amendments to the Articles of Incorporation and the Bylaws of the Corporation, substantially in the forms presented, together with any additional changes as the officers of the Corporation deem necessary, to change the membership of the Corporation from

the individuals that are members of the Penn State Board of Trustees to Penn State as the sole member.

After a brief discussion, a motion to defer action on this matter was seconded and adopted by the Board.

[See Appendix V]

### **Informational Report on the University Faculty Senate**

A report of this year's activities of the University Faculty Senate was provided by Mohamad Ansari, Immediate Past Chair of the University Faculty Senate and Associate Professor of Math at Penn State Berks.

### **Report on the Election of Trustees by Alumni**

Chairman Masser called on Trustee Rob Tribeck for a report on the tabulation of ballots for the Election of Trustees by Alumni, which concluded at 9:00 a.m. (EST) on May 5.

Trustee Tribeck reported that he and Trustee Ryan McCombie served as Trustee Tellers for the election and were present for the counting of ballots, which was observed by KPMG. His remarks are included as follows:

“Five individuals met the threshold of receiving 250 nominations and expressed a desire to serve Penn State as alumni elected Trustees, and met the criteria to run for election. One individual subsequently withdrew prior to distribution of the balloting.

“A total of 23,147 ballots were received. I will read the total number of votes for the three candidates receiving the highest number of votes.

“Trustee Barbara L. Doran, 16,720

“Trustee Edward "Ted" B. Brown III, 16,163

“Trustee William F. Oldsey, 14,608”

A motion to accept the report of the results of the election of Alumni Trustees was made and seconded and approved by the Board.

### **Report on Election of Trustees by Agricultural Delegates**

Chairman Masser called on Trustee Chris Hoffman for a report on the election of Trustees by delegates from agricultural societies, which was held on May 6.

Trustee Hoffman's report is included as follows:

“Thank you, Chairman Masser. Yesterday was the election of Trustees by the agricultural delegates. There were three candidates indicating their willingness to serve and were appropriately nominated. They were Valerie Detwiler; Lynn Dietrich; and Abe Harpster.

“Following the submission of ballots by duly authorized representatives, Valerie Detwiler and Abe Harpster were elected by the agricultural delegates to serve three-year terms beginning July 1, 2016.”

A motion to accept the report of the results of the election of Agricultural Trustees was made and seconded and approved by the Board.

**Election of Trustees Representing Business and Industry Endeavors**

The Board of Trustees received the recommendation from the Selection Group on Business and Industry Trustees providing for the election of the following as members of the Board of Trustees representing business and industry endeavors for a three-year term beginning July 1, 2016:

Richard K. Dandrea  
Ira M. Lubert

A motion to accept the report of the results of the election of Business and Industry Trustees was made and seconded and approved by the Board.

**Election of At-Large Trustees**

The Board of Trustees received the recommendation from the Selection Group on Board Membership for At-Large Trustees, providing for the election of the following as a member of the Board of Trustees for three-year term beginning July 1, 2016:

Kathleen L. Casey

A motion to accept the report of the results of the election of At-Large Trustees was made and seconded and approved by the Board.

**Announcements by the Chairman of the Board of Trustees**

Chair Masser called for other matters to come before the Board.

Trustee Anthony Lubrano provided comments as included in Appendix VI.

[See Appendix VI]

Trustee Albert Lord read a letter addressed to the Board as included in Appendix VII.

[See Appendix VII]

Chair Masser called for an Executive Session of the Board to receive privileged information following the conclusion of the public meeting.

There being no other business, the public meeting was adjourned at 3:46 p.m.

The meeting is available in its entirety at <https://www.youtube.com/watch?v=jNuMr2SfhmE>

Respectfully submitted,

Janine S. Andrews  
Associate Secretary,  
Board of Trustees

**Remarks from President Eric J. Barron**  
**Meeting of the Penn State Board of Trustees, University Park, PA**  
**May 6, 2016**

"I would like to report on progress for 2015-2016 goals. This is a new process for Penn State and which the Board and I have set at the beginning of last year, set of 11 goals, which should be the focus of the year. And I'm taking this opportunity to report to you on each one of those goals. It's a new process for the University to have such a deliberate type of review. It's an opportunity to assess the progress during the year. And the objective of this particular presentation is to do a portion of this in public.

"So, first, the goal is to successfully launch access and affordability initiatives for the University. I'm not going to spend a great deal of time on this. It's an extremely important topic but one I reported on much more extensively in February 2016 in the report. I do want to remind you that the goal here was to decrease the total cost of a degree to limit student borrowing and promote success particularly for our need based students. We launched several different programs. First summer, six credits, a job on campus, or in the local community. And a scholarship second summer, 12 credits scholarship, job on campus or the community. So you can imagine 18 credit hours before your second fall. So this is an opportunity to put your foot on the gas, realize that your degree is close by and not to pause, not to slow down, but get that done, do it in four. That's the best way to decrease borrowing. So each of these are pilots that we've begun. And we're analyzing to see which things we're doing are the most effective and to expand upon those.

"The second category goal is to seek opportunities for increased savings and increased revenue for the University. Now, I must admit that a lot of this discussion was diverted by the Pennsylvania budget impasse. We're extremely appreciative that the Governor had proposed to increase our budget and that the legislature also signaled their interest. Sadly, it did take nine months for us to realize that, but we're incredibly grateful for that increase led by our Governor. We're looking at significant increases each year, projected year-end, year after year, because of health care costs, state mandated retirement, insurance, modest raises for our faculty and staff, combining with an aging physical plant. Result in having something on the order of \$60 million to \$70 million of recurring basic operating costs. This increase is projected to continue for the next five years or so. If we look at what we've done to tackle those, we've had many, many different types of efforts to focus on cost containment. These things range from the first item there, where we looked at the pressure on classrooms, came to the conclusion that we needed a new classroom building; came back and decided we need to figure out a way to use our physical plant more efficiently, and we set aside the \$55 million as an increase as something we might be able to do without. We could go all the way to the bottom, which is one we focused on extensively over the last few months, and that is to try to decrease the rate at which health care costs are going up. It's expected to go up, projected to go up 8% each year. That's significant, that's \$15 to \$17 million for us each year. Substantial costs, we worked hard with a large number of changes and saved \$8 million, but we still have \$6 million that's an increase in our budget.

"What do we look at in terms of solutions? Well, we've had budget cuts, each and every year for the last decade. Each year, if I add them all up and divide by ten, it's averaging \$23 million a year that we've cut. This is a matter of nickel and diming each of our units, telling the academic units or operational units give back 1% to 2%. It has had a number of unintended consequences for this University in terms of, for example, the ratio of tenure line faculty to non-tenure line faculty. Even when we make those cuts and look at the growth, we still end up requiring a need for tuition increase and we expect those challenges will continue. As I said, even the health care costs alone exceed a 1% tuition increase just to keep even. There is a key to this solution, and that is not to look at this issue as one that is tactical each and every year; trying to find the money to balance; what money we don't find; raise tuition; and instead, I think what we have to do is look much more strategically at the budget for larger scale areas that are multi-year efforts in order to

reduce the budget and also, to look for areas for which we can have a substantial impact on revenue. So the examples that I've given there are an HR transformation, an IT transformation, and a careful examination of the mix of students that we have, and our ability to handle any type of enrollment growth.

“There is one other element here, and that is we're working hard to create a student fee commission. It's in the process of being established. This places all fees that are related to student activities and facilities, read in that “nonacademic programs,” and placing those increases in the hands of our students. They can decide to decrease a fee because they don't want to spend it on a facility. They can also propose to increase a fee to this body because they see a particular need that they have. You could look at this as a potential cost containment, or you can look at this as an opportunity to save from the student perspective that something is so important that they're willing to pay for it. So that gives you an idea of many of the things we're working on in terms of cost containment. I think the most significant is multi-year strategic look at those areas where we believe we can save significant amounts of money.

“The third goal is successfully launch the economic development job creation and student career success initiative. This is also an initiative that I've reported to the board in last February. There were four major areas for which we had a group of topics under. One was what we're doing to internally promote economic development, job creation and student career success and transfer of IP into the public sector, what we're doing internally. The second part was creating much more visibility for our intellectual property. The third part was to develop an entrepreneurial ecosystem around our campuses, and the fourth part is programming that is related to our students. I reported to the Board on this activity, but I wanted to add to this because we have had in the last very short amount of time seven Penn State launch boxes, which were opened with ribbon cutting ceremonies around the state. They were at University Park, New Kensington, Lehigh Valley, The Behrend Campus, Harrisburg, Abington, and Wilkes Barre. I would also like to add today that six additional Commonwealth Campus sites have been selected and we're announcing that launch boxes will now be open in the coming year at Shenango, Schuylkill, Great Valley, Altoona, Berks and York. We expect three more campuses to have proposals worthy of funding here to promote economic development in their communities, and these will join an existing set of accelerators and incubators so that we now see a map of Pennsylvania, this time next year we expect those orange dots, the ones that I've announced today as new launch box sites, to join the others to have a total of 20 sites within the state of Pennsylvania and stay tuned, we'll continue to grow this part of our land grant mission. In each one of these launches it was quite exciting, maybe 75 people was the smallest launch. Sometimes 200 elected officials, federal-level to state-level to local- level, local entrepreneurs, business folks, community folks, faculty, students, we've picked the first five companies in the Happy Valley Launch Box in State College and just a short time ago, we announced the next ten are on our way to 30 incubating companies within the launch box in any one year, and so we're basically crisscrossing the state. This is one of those categories in the goals which I think has exploded way beyond what it is that I thought we would be able to accomplish in a short period of time. It's really quite exciting from my viewpoint.

“The fourth goal was to address major issues of campus and public concern for higher education. What does that mean? Well, we want to create greater confidence in the ability of our University to manage tough issues like sexual assault, Greek life and other emerging topics. And in the process, to help create a safer campus. So I would remind you that we had a task force on sexual assault and sexual harassment that was formed that had 18 recommendations, all 18 were accepted. These are busily being implemented. We created a task force to study fraternity and sorority life. I wrote this a few days ago. It might be a couple of days off, but the subcommittee reports are near completion. First draft is expected this month. But I would also say that based on the hard work of this committee and how many meetings they had and what effort is quite likely that this task force will continue to operate for a little while as they dig deeper and deeper into specific problems and areas, but it will be a short amount of time before we'll see the the first recommendations to come out of this group. We also had a task force on policing and communities of color. This is a town-gown collaboration, and each one of these cases we're looking carefully at a major issue, putting together the experts, coming up with the recommendations, looking at which ones were feasible to implement and beginning to solve the problems that tend to be the ones that are getting a lot of



attention these days on University campuses. We also conducted in this space the first as part of the task force recommendations on sexual assault. We conducted the first University wide climate survey on sexual misconduct with 9,427 students taking part in it. That's a significant number, and we have some really compelling and in some case, a really sad data coming out of that report. The most important element of this is that we're doing this so that we can have the metrics and basis to see which ones of our policies work to begin to limit sexual assault. So this becomes the foundation for us to find out whether our bystander intervention program is really effective and how effective it is. And so it is very important, not just for the information in this report, but now our ability to begin to modify behaviors at Penn State University to solve one of the big issues on college campuses today. I would also like to point out that the Title IX Office was created, and Paul Apicella an attorney with Title IX experience was hired as the first coordinator. A trained investigator has been hired, and that office will include education and support staff. So this is just a couple of examples of those recommendations coming to life.

"The fifth topic on the goal list was to prepare to launch the next capital campaign for Penn State. One of the most important things and significant in terms of how this University is evolving is that the capital campaign is closely tied to the strategic plan that this University approved recently. And it's a commitment to becoming a great public university, each and every one of us knowing that this is a great University and we want to power it to the next level. So this goal was to develop the vision for the campaign and begin to set those goals. The overall strategy has been presented now in several venues. There's been extensive discussion by the Advisory Council on Philanthropy. A Case Statement Draft was completed, and very shortly will be sent to a group of focus groups for them to critique and evaluate the plan that we have. The focus groups will be conducted nationally with alumni and friends; these are already scheduled. Campaign counting will begin July 1. The Final Case Statement will be due in September after we've had all of those focus groups, then we can begin to adjust it, edit it, tune it to match the advice that we get from our alumni. If I were to give you the simplest possible snapshot of that introduction to the case study, it would be this. There is an enormous amount of compelling evidence, internal and external, and national metrics, this is a great public university. But, we're Penn Staters and we would never be satisfied with patting ourselves on the back and thinking we're there and ready. And so, we launch this Campaign to take this University to the next level. And we've chosen three areas which we think are compelling. The first is, we have to transform the financial equation for our students if we're going to be successful. The second is, there's many, many ways to deliver content in American higher education. We can't afford just to deliver content, we have to make sure the experiences for our students are truly transformative. And the third is in the Penn State way, in a land grant way, in the words of Middle States and their evaluation, we live our land grant mission. And if we're going to live our land grant mission, we need to focus on the most compelling issues of our time: energy security; water security; food security; human health. And this campaign is wrapped around those compelling themes. And finally philanthropy is the key. We cannot be a great university on tuition dollar alone, we cannot be a great university on the contributions from the state. The only way to be a truly great university is to have our alumni and friends make sure they fund those elements of our University that are truly exceptional. Just to give you a little bit of perspective, my donor travel has become much more strategic. Whereas in my first year, I was talking to literally thousands of alumni. Now it's gotten much more strategic and scheduled already by June 30<sup>th</sup>, but most of them completed. I've had 78 personal meetings with major donors of this University and people that we're working to convince to be major donors. Formal alumni and donor speeches, I gave 39 of them this year. Donor and alumni events, already scheduled or completed trips to 12 states and 29 cities, this year to give those speeches and talk to donors. We have our first ever Parents Receptions as a way to begin to convince parents of students that are here that we're a worthy place to contribute dollars while their children are on our campus. We've hosted a lot of other events. We've had the first ever two arts donor events with performances that were absolutely astounding. Including existing Broadway stars and one of our up and coming opera students. We've hosted a lot of other events in Maryland and New York City Hoops and Hockey and New Year's Eve in Jacksonville. It's a significant list. The next step is 20 different focus group sessions in 14 cities across the nation. They'll either be led by myself or Provost Jones. Invitations have been sent out to about 6000 of our alumni, friends, and donors. They're all scheduled between May 24<sup>th</sup> and August 8<sup>th</sup>, and these discussions will

inform the Case Statement. So we'll be crisscrossing the nation over the next couple of months making sure that we're doing these focus studies and getting a sense of whether or not that Case Statement is a compelling statement for our alumni.

"The sixth goal on the list was to create a framework for advancing diversity and inclusion. We've had for about 15 years, each college and campus to be describing what they think diversity means and then, setting their goals. So we have for the first time that I know of, a University-wide statement on Diversity Equity and Inclusive Excellence that goes beyond that framework. We don't want our colleges and units to be sitting there spending their time on a definition; we want them to take a universal definition and begin to spend their time focused on implementation. We have also developed an inclusivity and multicultural resource video. The students who were in it saw it two days ago, I think and I think it really did move them. It's a superb video and we will use that as a basis of the campaign. This is an increasingly diverse campus, and having all of our students feel and have everybody know that every single student on this campus earned their place and has the right to an education is extremely important. Also in this space, the Faculty Senate formed a committee to enhance the University's efforts in this space, provided recommendations which were accepted. I've had extensive interactions with the Presidential Commissions: Racial and Ethnic Diversity; LGBTQ; Women; Adult Learners. We have moved from an annual meeting, which I think was rather formal. Here's what we've done, to something that is much more action oriented on the University to sit and talk when there are things we need to have done and Molly and I have also had the pleasure now to have both formal and informal interactions with a very large array of student groups and faculty groups. We've had caucus meetings in my office, larger caucus groups to our home for receptions. We're working I'm working very hard to make sure that we understand exactly the positions and thoughts of our students so that we can guide this University in an appropriate way.

"The seventh goal is to create a framework for advancing student engagement and engage scholarship. In this category, we hosted the 16th annual Engagement Scholarship Consortium Conference. We now have an engaged scholarship web page that starts to look and explore at all of the opportunities. If you remember, when I first talked about this two years ago or if you looked at the faculty report, you would realize that many of the areas of worthwhile engagement for our students were distributed all across the campus and hard to access and we didn't have advocates who really looked at it and said we need to have a more central internship base. We need to be encouraging undergraduate research more effectively. And looking at the faculty recommendations and having our President's Council examine this, I'm proud of the fact we've approved the formation of an office to coordinate the activities across the campus and really to act as an advocate for these areas. One of our weaknesses in terms of engagement was the amount of money that we're spending for global opportunities for our students, global engagement. And I'm very pleased that this was part of the strategic planning of almost every unit and it is now also not just in the Strategic Plan, but under the transformative experiences for our students, global engagement has become a major Campaign theme. One other area in this that is worth note is the creation of a Veterans Office and advocacy position for Veterans and Honor Cords. It's another form of engagement to make sure students are successful on this campus.

"Penn State was ranked number one in the country for Veterans by *U.S. News and World Report*. Again, we can pat ourselves on the back and look at what the next steps we might take to promote graduation and a strong sense of community. So we have established a space for Student Veterans office in the Oak Building; OPP is looking at what it needs to do in order to renovate that space. And we have on the streets a job description for a Director of Student Veterans Affairs, and individual who will look at coordinating all across the campus the many efforts that are there and acting as an advocate for our Student Veterans. I think that this is an exciting development, I can tell you the students are excited about it. Leaders in the Student Veterans Organization are part of the search committee to find this individual. And you will also see, I believe at this graduation, although, I'll see when I start, and that is that we have concluded that we should celebrate graduates' academic military success with Honor Cords. So for the first time, we'll have red, white and blue honor cords for our Veterans graduating on campus. If you're going to a commencement

and you see a young man or young woman with a red, white and blue cord, that individual served their country with pride and we recognize that now they're graduating from a fine educational institution.

"Number eight on this list, is to create a framework to advance innovations and teaching and learning. Now, all of these are on my list. And they are on my list because they are large elements of moving this University forward. But I have to say that I don't sit down and do each and every one of these. Now, there are groups of people here led by Vice Presidents and Vice Provosts who take these elements very seriously. And so here we have a huge investment in operational excellence in a new learning management system and adoption of new educational technology tools underway. We have a Maker Commons, which is a 3D printing space that is entering into our classroom environment that is, I think, quite transformative. We have developed an increasingly strong Ed Tech network, including bringing many, many educational technology companies to this campus with a notion that they should settle here because we're the number one in providing online education. And I think this is going to create great advancement opportunities in this space.

"Ninth is to establish a strong positive relationship with the Wolfe administration and the Pennsylvania legislature, an interesting challenge when you present yourself with a budget impasse for which there's quite a bit attention. But I did have quite a large number of meetings with caucus leaders from each party and in each chamber as well as individual meetings with the legislative leaders; hosted dinners at Schreyer House with local politicians and federal politicians, had several conversations and meetings with the Governor and his Cabinet Secretaries where we were focusing on tuition levels, the Pennsylvania budget and our economic development efforts. Of course, visiting with legislators at every chance; we bump into them, including at football games. Invented Penn State; we'll have an announcement that is scheduled in the Rotunda with public leaders with the map and what our proposed future will be. And that is scheduled in the rotunda with Pennsylvania leaders. We're hoping that the Governor will accept our invitation and that other legislators will. And we'll have, I think, quite an event as we begin to describe the degree to which this land grant institution is working so diligently to promote economic development in the state of Pennsylvania.

"Tenth goal was to address any limitation of recommendations for the accreditation. One they described that they believed serious was the assessment of all courses and a demonstration from those assessments that we use the information we learn to improve the courses. And it's essential that this is an all-in effort with all of our courses going through that assessment. In this case, the Provost initiated the reorganization of the Office for Institutional Assessment, to the Office of Planning and Institutional Assessment. Hired Lance Kennedy-Phillips into a new position of Vice Provost for Planning and Assessment. New leadership in the Office of Learning Outcomes Assessment to ensure a comprehensive and proper assessment of all degree programs, major, minors, certificates, and graduate programs. There have been numerous presentations on this so that everyone, faculty, senate, administration, all understand how important it is for our next accreditation that we can point out that we have fully complied in this space and are looking at course improvements from the perspective of carefully executed assessments in every corner of the educational program.

"The last one here is to ensure that the University's strategic enterprise creates a path for continued and enhanced excellence. The first step in here, which you're obviously very aware of is that the Strategic Plan was approved by the University. The other, I think, important element is that Strategic Plan is tied tightly to the Capital Campaign, or the Capital Campaign is tied tightly to the Strategic Plan. There's a five-year strategic investment discussion underway on how it is under investment and innovation that we can make sure that we accomplish that Strategic Plan. Just to give you an idea, my staff tells me that I gave more than 200 formal speeches this last year. And almost all of those were focused on the future excellence of this institution. I don't know how many informal speeches I gave. 200 seems plenty to me.

"The other element here is to recognize and celebrate excellence among students, faculty, staff and alumni. This was very important to me. To reward people that do a fine job. And so, we had the first ever graduate student award ceremony that was solely for graduate students, remarkable awards. There's something when you're looking at an award and a young man stands up who is a graduate student and

they've already published six papers and have two patents. That starts to be tenure level at many institutions out there in the world. And this is a Penn State graduate student, so you get an immediate sense of the value of making sure those individuals know that we see the extent to which they are contributing to Penn State and the society.

"I'm also pleased at this time to announce our Evan Pugh honorees. The title of Evan Pugh University Professor is the highest honor bestowed by the University on its faculty. Only 71 individuals have received these professorships since the title was formed in 1960. It is given to faculty whose research, publications and creative work are of the highest quality; who are acknowledged national and international leaders in the field; who are involved in pioneering research or creative accomplishments; and who demonstrate truly excellent teaching skills. We have three recipients that are here that I'm going to talk about individually.

"Catherine Freeman, Distinguished Professor of Geosciences in the College of Earth and Mineral Sciences; Thomas LaPorta, William E. Leonard Professor of Computer Science and Engineering and Director of the Institute for Networking and Safety Research, and you should be looking at this while I say that. And Karen L. Bierman, Director of the Child Study Center at Penn State, and McCourtney Professor of Child Studies. Dr. Bierman is focused on research based on interventions to improve the academic and mental health outcomes for children, particularly those at risk. She's currently out of town, so we will present her medal at a later time. But today, I'm pleased to be able to present the medals to doctors Freeman and LaPorta. Provost Jones and Dr. Freeman, will you please join me for the presentation?

"Dr. Freeman uses fossil biomolecules, biomarkers, and the stable isotopes of carbon and other elements to study ancient oceans, soils and lakes. She has used lipid and pigment biomarkers from algae, plants and microbes to study the links between water carbon cycles and changes in climate over the earth's history. Her work shows that the atmosphere and carbon dioxide is high during warm climate, plant ecosystems rapidly shift with changes in rain patterns and the global oxygen levels in the ocean impact and are impacted by microbial communities. Congratulations.

"Dr. LaPorta, would you come forward. Dr. LaPorta joined Penn State in 2002 is founding Director of the Institute of Networking and Security Research. His research interests include mobility management, signaling and control for wireless networks and wireless security. He's a holder of 35 patents. Dr. LaPorta is the Director of the Semantically Aware Quality of Information Aware Networking Trust Network Sciences, Collaborative Technology Alliance. A renewal of an initiative that led a major network sciences research center sponsored by the U.S. Army Research Lab. Congratulations.

"Mr. Chairman, that concludes my report. And if you have time, I'm happy to answer questions."

# Summary: Progress on 2015-16 Goals

President's Report to the Board of Trustees

May 6, 2016



**PennState**

# President's Annual Goals

- New Process for Penn State
- 11 goals set at the start of fiscal year by BOT and President
- Opportunity for Assessment
- Objective - Update on Progress



# 1. Successfully Launch Access and Affordability Initiative

- Focus: total cost of a degree, student borrowing and success of need-based students
- Detailed new programs in Feb. 2016 President's Report
- Seven programs – pilots launched or efforts underway
  - Pathway to Success - Summer Start (PaSSS)
  - Student Transitional Experiences Program (STEP)
  - Financial Literacy
  - Online course opportunities
  - One-stop advising for student needs
  - Direct scholarships (increase in Provost and Chancellor awards)
  - Assessment/incentives – high GPA and high credits but not graduated



## **2. Seek opportunities for increased savings and increased revenue**

- Budgeting efforts were diverted by PA impasse
- Increases in healthcare costs, state-mandated retirement, insurance and modest raises, combined with an aging physical plant have created \$60-70M of recurring basic operating cost increases
- Projected to continue at this rate over the next five years





## Cost Containment and Efficiency Initiatives - examples

- \$55M – removed planned classroom building from Capital Plan by more strategic, centralized management of classroom space
- \$22.2M – Commodity purchasing savings generated through competitive bidding, negotiations, consortium purchasing contracts, etc.
- \$13M – Savings on IT equipment, software and implementation services realized through standardizing and aggregating purchases, competitive bidding and negotiation
- \$9M – competitive bidding for energy procurement
- \$8.7M – Energy Conservation Program: weatherization, motion-sensor lighting, water-saving fixtures
- \$8M – expected savings from healthcare changes (still increased by \$6M)



## Solutions

- Budget cuts and recycling averaging over \$23M per year for more than a decade
- Decades of “nickel and diming” all E&G operating units has had unintended negative consequences
- Still requires tuition increases to balance
- Challenges will continue – e.g. projected 8% increases in health care represents annual increases of \$15M – over 1% tuition increase
- Key: Move to a strategic approach to the budget with a 5-year horizon to target largest opportunities for savings or revenues (e.g. HR, IT and student mix, enrollment growth)



# Solutions

- Student Fee Commission in process of being established
- Places all fees related to student activities (non-academic programs) in hands of the students – can decrease fees or propose increases to the BOT based on service needs
- Likely represents another cost-control



### **3. Successfully launch the economic development, job creation and student career success initiative**

- Detailed new programs in Feb. 2016 President's Report
- Four major areas
  - Internal staffing; incentives for faculty
  - Visibility for our intellectual property
  - Developing an entrepreneurial ecosystem around our campuses
  - Programming specifically for students

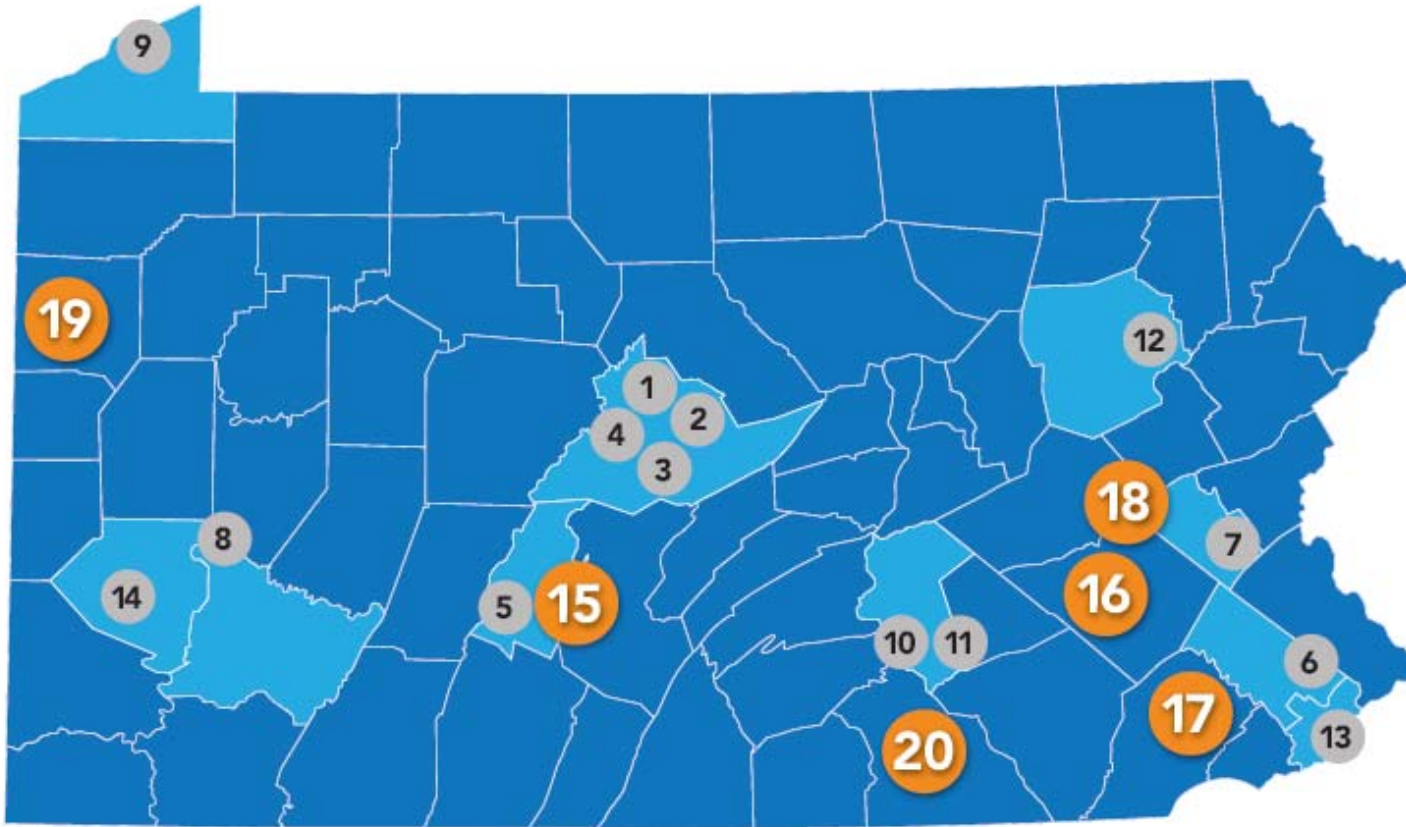


## “Ecosystem Launches”

- 7 “Launch boxes” opened in ribbon cutting ceremonies
  - University Park, New Kensington, Lehigh Valley, Behrend, Harrisburg, Abington, Wilkes-Barre
- 6 Additional Commonwealth Campus sites selected and being announced here today
  - Shenango, Schuylkill, Great Valley, Altoona, Berks and York
- 3 new expected to be announced next year – 16 total
- New sites will join a growing network of physical sites and efforts totaling 20 accelerators and incubators



# New SEED Grant Locations for 2016



- 15. Penn State Altoona
- 16. Penn State Berks
- 17. Penn State Great Valley
- 18. Penn State Schuylkill
- 19. Penn State Shenango
- 20. Penn State York

## **4. Address major issues of campus and public concern for higher education**

- Create confidence in the University's management of issues including sexual assault, Greek Life, other emerging topics
- Help the University create safer campuses



## Focused Efforts of Task Forces

- Task Force on Sexual Assault and Sexual Harassment (18 recommendations being implemented)
- Task Force to Study Fraternity and Sorority Life (Subcommittee reports expected this week; final this month for major recommendations; Task Force may continue to operate)
- Task Force on Policing and Communities of Color (town-gown collaboration)





# Conducted First University-wide Climate Survey on Sexual Misconduct

- 9,427 students university-wide took the survey for a response rate of 26.6%
- 18.1% of undergrad and 6.7% of grad students at UP reported at least one instance or attempt of sexual assault
- 76% of students said University would take report of sexual misconduct seriously
- Use to assess potential impact of Task Force recommendations and create metrics to demonstrate success in limiting sexual misconduct



## Title IX Office Created

- Paul Apicella, an attorney with experience overseeing Title IX implementation, named the first Penn State Title IX coordinator
- Hired a trained investigator
- Office will include an education coordinator and support staff



## **5. Prepare to launch the next capital campaign for Penn State**

- Tied closely to Penn State's strategic plan and a commitment to being a truly great public university
- Developed the vision for campaign and set goals

## Campaign Timeline Highlights

- Overall strategy presented in several venues
- Extensive discussion by Advisory Council on Philanthropy
- Case Statement draft completed and being sent to focus groups this week
- Focus group sessions conducted nationally with alumni and friends
- Campaign counting begins July 1
- Final Case Statement due late September



# Campaign Overview Highlights

- Penn State is a great public university.
- We would not be Penn State if we did not aspire to be even stronger.
- Our strategy:
  - Open Doors – Transform the financial equation for students
  - Create Transformative Experiences – We must do much more than deliver content.
  - Impact the World – Focus on the most compelling issues of our time.
- Philanthropy is the key to take us to the next level by making us truly great.



## Donor and Alumni Visits

- Donor travel has become more strategic – personal visits will reach at least 78 by June 30<sup>th</sup>
- Formal Alumni and Donor speeches given or planned – 39
- Donor and alumni events – trips to 12 states and 29 cities
- First ever Parents Receptions in August (2)
- First formal “arts” events for donors at Schreyer House
- Other hosted events – Maryland; NYC Hoops and Hockey; New Years Eve in Jacksonville, etc.



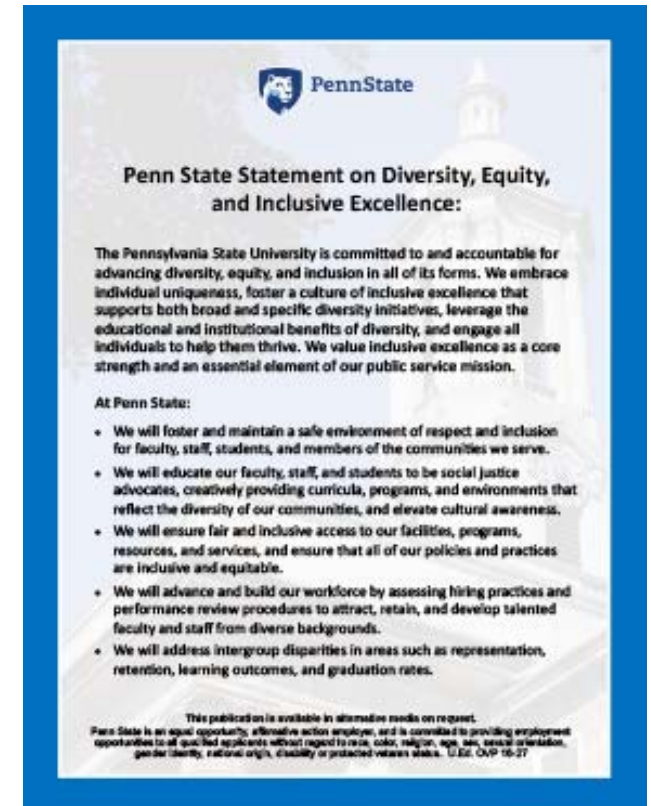
## Next Step: Campaign Focus Groups

- 20 sessions/14 cities across the nation led by Barron or Jones
- Invitations extended to about 6,000 alumni/friends/donors
- Scheduled from May 24 – August 8
- Discussions will inform the final Case Statement



## 6. Create a framework for advancing diversity and inclusion

- Statement on Diversity, Equity, and Inclusive Excellence goes beyond current Framework to Foster Diversity
- Developing inclusivity and multicultural resources videos – efforts underway to develop an inclusion campaign





## Advancing diversity and inclusion

- Faculty Senate Committee formed to enhance University efforts – Recommendations submitted/accepted
- Interactions with Presidential Commissions (Racial and Ethnic Diversity, LGBTQ, Women, Adult Learners) moved from annual events to focused meetings
- Formal and informal interactions with large array of student and faculty groups



## 7. Create a framework for advancing student engagement and engaged scholarship

- Hosted 16<sup>th</sup> annual Engagement Scholarship Consortium Conference
- <http://www.engagedscholarship.psu.edu/> and @EngagePennState launched as resources for students/faculty
- Formation of an office to coordinate and develop engagement activities approved
- Global Engagement has become a major campaign theme



## Example: Veteran's Office/Honor Cords

- Penn State ranked No. 1 in the country for veterans by *U.S. News and World Report*
- Establishing a Student Veterans Office/Space (Oak Building)
- Director search underway
- Celebrating graduates' academic, military success with honor cords



## 8. Create a framework to advance innovations in teaching and learning

- Operational excellence – new Innovative Learning Management System (Canvas); adoption of new educational technology tools such as Starfish, Inside Track, PAR and Talisma
- Maker Commons (3D printing space) to promote active learning and entrepreneurship



## **9. Establish a strong, positive relationship with the Wolf administration and PA legislature**

- Relationship driven by the challenges of budget stalemate
- Met with caucus leaders from each party and in each chamber as well as individual meetings with legislative leaders
- Hosted dinners at Schreyer House (local to federal)
- Several conversations with the Governor and his cabinet secretaries on tuition levels, the PA budget and economic development efforts
- Visits with legislators at every football game
- Invent Penn State announcements in the Rotunda with PA leaders scheduled for June 20<sup>th</sup>



## **10. Address any limitations/recommendations related to Middle States accreditation**

- Primary concern was assessment of all courses and demonstration that the assessments were used to improve course delivery
- Provost initiated reorganization of the Office for Institutional Assessment to the Office of Planning and Institutional Assessment
- Hired Lance Kennedy-Phillips into new position of Vice Provost for Planning and Assessment



## **Address any limitations/recommendations related to Middle States accreditation**

- **New leadership in the Office of Learning Outcomes Assessment to ensure comprehensive and proper assessment of all degree programs – majors, minors, certificates and graduate programs**
- **Faculty Senate and Academic Leadership presentations on the importance of Penn State’s assessment process led by the Vice Provost for Planning and Assessment**



# **11. Ensure that the University's strategic enterprise creates a path for continued and enhanced excellence**

- Strategic plan approved by the Board of Trustees
- Tied the capital campaign directly to the strategic plan
- 5-year strategic investment planning underway under budget category “investment in innovation”
- More than 200 formal speeches largely focused on continued excellence





# **Ensure that the University's strategic enterprise creates a path for continued and enhanced excellence**

- Recognize and celebrate excellence among students, faculty, staff and alumni – new focus on graduate student awards
- Named 3 new Evan Pugh University Professors



# Evan Pugh University Professorship

- The highest honor that can be bestowed by the university on its faculty
- Only 71 individuals have received these professorships since the title's inception in 1960



# Introducing this year's honorees...



Katherine H. Freeman



Thomas La Porta



Karen L. Bierman



# Katherine Freeman, Distinguished Professor Department of Geosciences

## Research Interests

- Organic Geochemistry
- Isotopic Biogeochemistry
- Paleoclimate
- Astrobiology



**Tom La Porta, William E. Leonard Professor, Computer  
Science and Engineering  
Director, Institute of Networking and Security Research**

**Research Interests**

- **Mobility Management**
- **Mobile Data Systems**
- **Secure Signaling**
- **Control Protocols for  
Telecommunication Networks**



# Discussion Questions?



## **Remarks from Provost and Executive Vice President Nicholas P. Jones**

### **Meeting of the Penn State Board of Trustees, University Park, PA**

**May 6, 2016**

“Good afternoon. As we conclude the 2015-2016 academic year, I think this is an important time for all of us to reflect—on challenges the University has faced, but also on the accomplishments we’ve made despite those challenges. One of the past year’s biggest areas of focus was the prolonged budget stalemate in Harrisburg. During the week preceding the last Board of Trustees meeting in February, we informed faculty and staff about the prospect of a \$300 million budget shortfall if we received no state appropriation this year. Without it, the impacts across our campuses and beyond would be substantial, so the Penn State community needed to know what we were doing then—and planning to do—in response to the situation. Meanwhile, during that same week, we were unveiling Penn State’s comprehensive strategic plan for the years 2016 through 2020, titled, “Our Commitment to Impact.” We faced the unusual dichotomy of publishing and promoting our meaningful plan of work for the next five years while wondering if we would receive state funds that would help to accomplish that work.

“About a month later, an appropriations bill finally became law. Penn State received a 5 percent increase in its general support appropriation, from \$214.1 million to \$224.8 million. The budget also included \$50.5 million for our Agricultural Research and Extension programs, which provide critical services to the agriculture industry and citizens in all 67 Pennsylvania counties. This was great news for Penn State and the students, faculty, and staff we serve. Many of them had been involved in budget-related contingency planning, and throughout the process had acted respectfully and with integrity, and with an unwavering focus on excellence and our community’s needs. They revealed yet again how they are the heart of this institution, enabling Penn State to continue to reach new heights as one of the world’s premier research universities. In a period of uncertainty and concern, we experienced Penn State at its best. With support from the Commonwealth secured, we refocused fully on our aforementioned commitment to impact, driven by stellar teaching, research, and service across Penn State. And this week, the University’s impact manifests itself further through our commencement ceremonies, which begin later today and continue through the weekend.

“As an engineer, I’m a “numbers person,” so I’d like to share some significant ones with you now. More than 13,500 students across Penn State are graduating this weekend, with more than 11,500 undergraduates receiving their degrees, and more nearly 2,000 graduate students receiving theirs as well. Eric, our roles in that probably include about 5,000 handshakes each! The College of the Liberal Arts leads by conferring more than 1,600 degrees this spring, followed closely by the Smeal College of Business and the College of Engineering. Those are big numbers—impressive ones—and they boost the University’s number of graduates since its inception to nearly 774,000 people. Nevertheless, these are just numbers, and it’s important to articulate clearly what they represent. I can do that with one word: Impact.

“Penn State is poised to unleash on the world more than 13,500 graduates—people with a depth, breadth and diversity of talent and passion who will leave indelible marks on our world. Graduates of this University routinely excel in every field and discipline, making a difference around the United States and the world, and representing Penn State with great strength and pride. A couple of weeks ago, during the annual Alumni Achievement Awards, I had the pleasure of honoring 13 Penn State graduates who have attained considerable success early in their careers. Their work worldwide in fields ranging from financial services, government, and non-profits, to clean energy and children’s health, reveals how a Penn State education helps to enable meaningful work by those who have studied here. I expect even more great stories to emerge about the efforts our new graduates will undertake, and the undeniably positive impacts they will have. As Penn State’s chief academic officer, I could not be more proud of our students, and how they make a difference every day. This weekend in particular, but continually, we should celebrate all they have accomplished so far and eventually will move on to do as outstanding global citizens.

“Thank you.”

# Provost's Report

## "Making a Difference"

Dr. Nicholas P. Jones  
Meeting of the Board of Trustees  
Friday, May 6, 2016

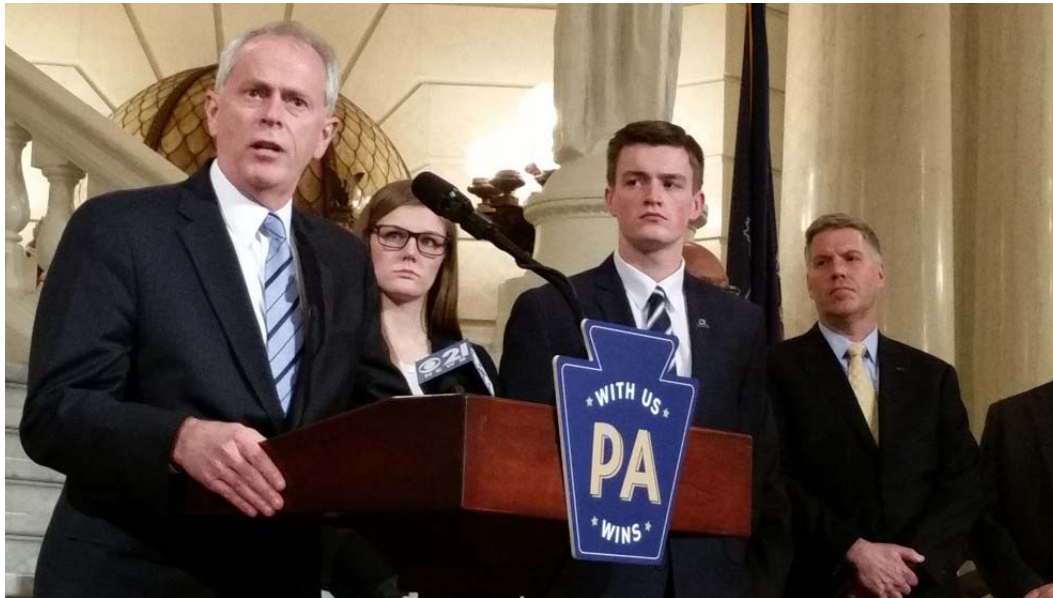


**PennState**

OFFICE OF THE EXECUTIVE VICE PRESIDENT AND PROVOST



# 2015-2016 Budget Impasse



- Potential \$300 million shortfall if no state appropriation
- Engaged faculty and staff
- Spoke at hearings in early March (pictured) to educate about potential impact



# New Strategic Plan



- Published in February at [strategicplan.psu.edu](http://strategicplan.psu.edu)
- Lays out plans for next five years University-wide
- Efforts impeded by budget impasse and need for contingency planning



# Moving Forward



- 2015-2016 appropriations bill ultimately became law
- \$224.8 million reflected a 5 percent increase in general support appropriation
- Great news for faculty, staff, and students, all of whom remained committed to excellence amid uncertainty



# Refocusing on Priorities



- Budget approval enabled University to refocus on current and emerging priorities
- Commencements this weekend reveal ongoing commitment to impact



# Spring 2016 By the Numbers

- Total graduates across all campuses: 13,528
- Undergraduate students receiving degrees: 11,509
- Graduate students receiving degrees: 1,845
- Colleges with most graduates:
  - College of the Liberal Arts: 1,621
  - Smeal College of Business: 1,593
  - College of Engineering: 1,374

\* Numbers accurate as of April 26, 2016



# Beyond the Numbers: Our Impact



- Graduate with talent and passion in myriad fields
- Global reach
- Recent alumni show what's possible



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# Celebrating with Pride



**PennState**

Congratulations,  
graduates,  
and thank you.



**PennState**

OFFICE OF THE EXECUTIVE VICE PRESIDENT AND PROVOST

**Schedule I**

Housing and Food Services is proposing the following revised schedule for the capital assessment through 2023, or year 10 of the overall capital plan.

<b>Fiscal Year</b>	<b>Previously Approved Capital Assessment Average Increase per Semester</b>	<b>Revised Capital Assessment Average Increase per Semester</b>
2016/17	\$56	\$56
2017/18	\$59	\$75
2018/19	\$62	\$70
2019/20	\$66	\$74
2020/21	\$69	\$77
2021/22	\$73	\$80
2022/23	\$78	\$84



AMENDED AND RESTATED

BYLAWS

of

THE PENNSYLVANIA STATE UNIVERSITY

Adopted ~~November 14, 2014~~ May 6, 2016

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**THE PENNSYLVANIA STATE UNIVERSITY**

**Amended and Restated Bylaws**

**ARTICLE I**

**NAME AND PURPOSE**

**Section 1.01 Name.** The name of the corporation is The Pennsylvania State University (hereinafter referred to as the “University”), existing under the Pennsylvania Nonprofit Corporation Law of 1988.

**Section 1.02 History.** The University was created as the Farmers’ High School by special act of the Pennsylvania legislature on February 22, 1855. The name of the institution has been changed successively to the Agricultural College of Pennsylvania in 1862, the Pennsylvania State College in 1874 and The Pennsylvania State University in 1953. On August 28, 1878, after the enactment of Pennsylvania’s first corporation law, and pursuant to the provisions thereof, the institution elected to be subject to such corporation law and thereafter, has been existing under such law, as such law has been amended, supplemented and modified from time to time.

**Section 1.03 Purpose.** The University was formed in 1855 as an institution for the education of youth in the various branches of science, learning and practical agriculture, as they are connected with each other. The University currently exists as a multi-campus public research university that educates students from Pennsylvania, the nation and the world, and improves the wellbeing and health of individuals and communities through integrated programs of teaching, research, and service.

## **ARTICLE II**

### **TRUSTEES**

**Section 2.01 Number, Election and Term of Office.** The affairs of the University shall be managed by a Board of Trustees.

(a) The number of Trustees which shall constitute the full Board of Trustees shall be fixed at thirty-eight (38), as set forth herein.

(i) Ex Officio Voting Members. The Secretary of Education, the Secretary of Agriculture and the Secretary of Conservation and Natural Resources shall be *ex officio* voting members of the Board of Trustees.

(ii) Ex-Officio Non-Voting Members. The Governor of the Commonwealth of Pennsylvania and the President of the University shall be ex-officio non-voting members of the Board of Trustees.

(iii) Members Appointed by the Governor. Six Trustees shall be appointed by the Governor of the Commonwealth of Pennsylvania.

(iv) Members Elected by the Alumni. Nine Trustees shall be elected by the alumni and former students of the University.

(v) Members Elected by Agricultural Organizations. Six Trustees, who shall be members of and represent organized agricultural societies and associations, shall be elected by three delegates from each county in the Commonwealth representing organized agricultural societies or associations of the said county.

(vi) Members Elected Representing Business and Industry. Six trustees representing business and industry endeavors shall be elected by the Board of Trustees.

(vii) A Member Elected Representing the Student Body. In May 2015 and bi-annually thereafter, a trustee representing the student body (the “Student Trustee”) shall be elected by the Board of Trustees.

(viii) A Member Elected Representing the Faculty. In May 2015 and every three years thereafter, a trustee representing the faculty shall be elected by the Board of Trustees.

(ix) A Member Representing the Penn State Alumni Association. Commencing July 1, 2015, and bi-annually thereafter, the immediate past President of the Penn State Alumni Association shall become an *ex officio* voting member of the Board of Trustees.

(x) At-Large Members Elected by the Board of Trustees. In May 2015 three at-large members shall be elected by the Board of Trustees. Thereafter, one at-large trustee shall be elected annually by the Board of Trustees.

(b) Except as set forth below, each Trustee shall serve for a term of three (3) years. The Student Trustee and the trustee who serves *ex-officio* as the immediate past President of the Penn State Alumni Association shall each have a two year term. The initial at-large trustees shall be elected for staggered terms of one, two and three years, respectively. Term limits for Trustees (other than *ex officio* Trustees) will be 12 years, effective with terms beginning July 1, 2013 or thereafter. This provision for term limits shall not apply to members of the Board of Trustees while serving in the capacity as Chair of the Board of Trustees. Such individuals will be considered eligible for re-election or re-appointment as a member by the respective constituent group. For Trustees with terms beginning prior to July 1, 2003, the previously enacted 15 year term limit is effective as of July 1, 2003. For Trustees with terms beginning on July 1, 2003 through and including July 1, 2012, the previously enacted 15 year term limit is effective with the date of such Trustee’s initial election or appointment. The Trustees shall be separated into three

groups of substantially equal number so that the terms of one third of the Trustees shall expire each year. Each Trustee shall serve until his or her term expires, and thereafter until such Trustee's successor is duly elected or appointed, or until such Trustee's earlier death or resignation.

**Section 2.02 Qualifications for Membership.** (a) Members of the Board of Trustees shall be natural persons of full age who need not be residents of the Commonwealth of Pennsylvania. A person who is employed in any capacity by the University shall not be eligible to serve as a member of the Board of Trustees. This qualification for membership shall not apply to a person who is an *ex officio* member of the Board of Trustees, a trustee elected pursuant to Section 2.01(a)(viii), or to a person who is a student employed part-time by the University. A person shall not be eligible to serve as a member of the Board of Trustees for a period of five (5) years from the July 1 coincident with or next following the date of (a) last employment in any capacity by the University or (b) the last day of such person's employment with the Commonwealth of Pennsylvania as Governor, Lieutenant Governor, Attorney General, Auditor General or State Treasurer. This qualification for membership shall not apply to a person who is an *ex officio* member of the Board of Trustees, nor to a person who is a student employed part-time by the University. Only graduates of The Pennsylvania State University who shall have received an associate degree, a bachelor's degree, or an advanced degree from the University shall be eligible to serve as a trustee elected by the alumni. No member of the faculty or the governing board of any other college or university in Pennsylvania shall be eligible to serve as a trustee elected by the alumni.

(b) The Student Trustee shall be a full-time undergraduate, graduate or professional student, in good academic standing and in a degree seeking program at the University.



**Section 2.03 Removal.** Any member of the Board of Trustees other an *ex officio* member may be removed from his or her position as a Trustee in accordance with this Section 2.03.

(a) Any Trustee who believes that another Trustee has breached his or her fiduciary duty to the University shall raise the issue with the Chair of the Board of Trustees or the chairperson of the Governance and Long-Range Planning Committee.

(b) Removal of a Trustee shall require a joint proposal to the Board of Trustees by the chairperson of the Board of Trustees and the chairperson of the Governance and Long-Range Planning Committee that the Board of Trustees take action to remove a Trustee on the basis that the Trustee has breached his or her fiduciary duty to the University. Such joint proposal shall be furnished in writing to each member of the Board of Trustees not less than 30 days prior to the meeting of the Board of Trustees at which such matter is to be considered. Removal shall require the determination of not less than two-thirds of the Trustees present at a duly called meeting that the Trustee has breached his or her fiduciary duty.

(c) In the event that the Chair of the Board of Trustees or the chairperson of the Governance and Long-Range Planning Committee is the subject of a removal action under this Section 2.03, the Vice Chair of the Board of Trustees shall be substituted for such affected Trustee for purposes of this Section 2.03.

**Section 2.04 Regular Meetings; Notice.** Regular meetings of the Board of Trustees shall be held at such time and place as shall be designated by the Board of Trustees from time to time. There shall be at least one (1) regular meeting of the Board of Trustees per year. Notice of such regular meetings shall not be required, except as otherwise expressly required herein or by law, and except that whenever the time or place of regular meetings shall be initially

fixed and then changed, notice of such action shall be given promptly by telephone, facsimile, electronic mail or otherwise to each Trustee not participating in such action. Any business may be transacted at any regular meeting.

**Section 2.05 Annual Meeting of the Board.** One regular meeting of the Board of Trustees shall be designated the annual organization meeting at which the Board of Trustees shall organize itself and elect the officers of the University for the ensuing year and may transact any other business.

**Section 2.06 Special Meetings; Notice.** Special meetings of the Board of Trustees may be called at any time by the Chair of the Board or by seven members of the Board of Trustees, to be held at such place and day and hour as shall be specified by the person or persons calling the meeting. Notice of every special meeting of the Board of Trustees shall be given by the Secretary to each Trustee by telephone, facsimile, electronic mail or otherwise at least three (3) days before the meeting unless the meeting is being called in the event of an emergency, in which case as much advance notice shall be given to the Trustees as is practicable under the circumstances. In addition, public notice of any special meeting shall be given as required by law. Except as otherwise provided herein or required by law, any business may be transacted at any special meeting regardless of whether the notice calling such meeting contains a reference thereto.

**Section 2.07 Quorum.** At all meetings of the Board of Trustees, the presence of at least a majority of the voting members of the Board of Trustees in office shall be necessary and sufficient to constitute a quorum for the transaction of business. If a quorum is not present at any meeting, the meeting may be adjourned from time to time by a majority of the Trustees present until a quorum as aforesaid shall be present, but notice of the time and place to which such meeting

is adjourned shall be given to any Trustees not present either by facsimile or electronic mail or given personally or by telephone at least eight hours prior to the hour of reconvening.

**Section 2.08 Actions.** Except as expressly provided herein, resolutions of the Board of Trustees shall be adopted, and any action of the Board of Trustees upon any matter shall be valid and effective, with the affirmative vote of a majority of the Trustees present at a meeting duly convened and at which a quorum is present. The Chair, if one has been elected and is present, or if not, the Vice Chair, if present, or if not, a Trustee designated by the Board of Trustees, shall preside at each meeting of the Board of Trustees. The Secretary, or in his or her absence the Associate Secretary, shall be responsible for ensuring that the minutes of all meetings of the Board of Trustees are recorded in some reasonable manner. In the absence of the Secretary and the Associate Secretary, the presiding officer shall designate any person to take the minutes of the meeting. Unless otherwise modified in these Bylaws, the conduct of business in meetings of the Board of Trustees and any committees thereof shall be in accordance with the parliamentary procedures prescribed in Robert's "Rules of Order".

**Section 2.09 Meetings by Telephone.** Subject to the requirements of any applicable open meeting laws, one or more Trustees may participate in any regular or special meeting of the Board of Trustees or of a committee of the Board of Trustees by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting in this manner by a Trustee will be considered to be attendance in person for all purposes under these Bylaws.

**Section 2.10 Resignations.** Any Trustee may resign by submitting his resignation to the Secretary. Such resignation shall become effective upon its receipt by the Secretary or as otherwise specified therein.

**Section 2.11 Vacancies.** Vacancies in the membership of the Board of Trustees created by death, resignation, removal or any other reason may be filled by appointment by the Chair of the Board of Trustees for the unexpired term in all cases except memberships reserved for gubernatorial appointment and ex officio memberships established by the University's Charter.

**Section 2.12 Compensation.** Members of the Board of Trustees serve as volunteers and are not compensated for their services. Trustees may be reimbursed upon request for transportation and other direct expenses while engaged in the discharge of their official duties, in accordance with the University's travel reimbursement policies in effect from time to time.

**Section 2.13 Certain Meetings.** The Chair of the Board of Trustees may, at his discretion, request that one or more of the non-voting members of the Board of Trustees be excused from any regular or special meeting of the Board of Trustees or any portion thereof.

### **ARTICLE III**

#### **COMMITTEES AND SUBCOMMITTEES**

**Section 3.01 Committees and Subcommittees.** Standing or temporary committees or subcommittees consisting of at least one (1) Trustee may be appointed by the Board of Trustees from time to time; provided, however, that a temporary committee may not be created for the purpose of acting on any matter appropriate to be acted on by a standing committee or subcommittee thereof. Committees and subcommittees may include non-voting members that are not Trustees of the University. Each such committee and subcommittee shall have and exercise such authority of the Board of Trustees in the management of the business and affairs of the University as the Board of Trustees may specify from time to time.

**Section 3.02 Executive Committee.** The executive committee shall have thirteen (13) members, all of whom shall be voting members. The executive committee shall be

composed of the Chair of the Board of Trustees (who shall also be the chair of the executive committee), the Vice Chair of the Board of Trustees, the Chairs of the standing committees, the Chair of the Board of Directors of the Milton S. Hershey Medical Center (or, if such chair is not a voting member of the Board of Trustees, a member of the Board of Directors of The Milton S. Hershey Medical Center who is also a voting member of the Board of Trustees), the immediate past Chair of the Board of Trustees and such number of at-large members, nominated by the Governance and Long-Range Planning Committee and elected by the Board of Trustees, as may be necessary to have an executive committee of thirteen (13) members. In addition, the President of the University shall be an *ex officio* non-voting member of the Executive Committee.

(a) Purpose of the Executive Committee. The purpose of the executive committee shall be to transact all necessary business as may arise in the intervals between regular meetings of the Board of Trustees; it being understood that action by the Executive Committee would not be expected to be taken except in extraordinary circumstances. Notice of any action by the Executive Committee shall be provided to the Board of Trustees at its next regular meeting.

(b) Meetings of the Executive Committee. Meetings of the executive committee may be called by the Chair of the Board of Trustees or by any three (3) members of the Executive Committee. No action may be taken by the Executive Committee without the affirmative vote of at least seven (7) members of the Executive Committee.

(c) Place of Meetings of the Executive Committee. All meetings of the executive committee shall be held at the executive offices of the University unless otherwise ordered by the Chair of the executive committee.

(d) Notice of Meetings of the Executive Committee. Notice of the time and place of all meetings of the executive committee shall be given in the same manner as for meetings of the Board of Trustees.

**Section 3.03 Standing Committees and Subcommittees.** The Board may adopt standing committees and subcommittees thereof in addition to the executive committee in accordance with the terms of these Bylaws.

(a) Function of Standing Committees and Subcommittees. The purpose of the standing committees and subcommittees is to facilitate consideration of the business and management of the Board of Trustees and of the University, as hereinafter set forth.

(b) Referral of Matters to Standing Committees and Subcommittees. Any matters appropriate for consideration by a standing committee or a subcommittee first shall be referred thereto by the Board of Trustees or the Chair of the Board of Trustees; except that a two-thirds (2/3) vote of the Trustees present at a meeting of the Board of Trustees but in no event by an affirmative vote of less than nine (9) Trustees will permit initial consideration by the full Board of Trustees; provided, however, that any matter referred to and considered by a standing committee or a subcommittee, but upon which the committee or subcommittee makes no recommendation or report to the Board of Trustees may be brought before the Board of Trustees for consideration at the request of any Trustee.

(c) Matters Appropriate to More Than One Committee or Subcommittee. Except as otherwise provided in these Bylaws, matters determined to be appropriate for consideration by more than one committee or subcommittee may be referred by the Chair of the Board of Trustees to one committee or subcommittee or more.

(d) Final Authority of the Board. Unless otherwise specifically delegated and except as otherwise provided herein, authority to act on all matters is reserved to the Board of Trustees, and the duty of each standing committee and subcommittee shall be only to consider and to report or make recommendations to the Board of Trustees upon appropriate matters.

(e) Specific Responsibility of Standing Committees. The several standing committees are charged specifically with the immediate care and supervision of the subject matters respectively indicated by and properly relating to their titles.

(f) Standing Committees Established. The following shall be the standing committees of the Board of Trustees:

(i) Committee on Academic Affairs and Student Life. The committee on academic affairs and student life shall consist of not less than five (5) appointive members, in addition to the ex officio members, and shall consider and report or recommend to the Board of Trustees on matters pertaining to:

- (1) the educational policies and programs of the University, including the long-range educational development of the University;
- (2) the faculty;
- (3) educational policy matters pertaining to instruction, research, and continuing education; and
- (4) all phases of student life.

(ii) Committee on Finance, Business and Capital Planning. The committee on finance, business and capital planning shall consist of not less than five (5) appointive members, in addition to the ex officio members and shall consider and report or recommend to the Board of Trustees on matters pertaining to:

(1) finance, business, budgets, non-budget expenditures, human resources, investments, trust funds, insurance, real estate contracts, government and private contracts, and grants, fees, room and board charges, and the long-range financial planning and development of the University;

(2) endowments, gifts, and fund raising;

(3) the purchase and sale of real estate, master plans, construction, the appointment of architects, the selection of architectural styles and materials, architect's plans, the award of contracts, and the names of buildings and roads; and

(4) the University's capital plan, the long-range comprehensive physical plant and infrastructure development of the University at each campus, consistent with the long-range educational development of the University.

(iii) Committee on Governance and Long-Range Planning. The committee on governance and long-range planning shall consist of not less than five (5) appointive members, in addition to the ex officio members and shall:

(1) in fulfillment of its governance responsibilities, provide counsel and advice to the Board of Trustees in matters concerning the development of strategies, policies, and practices that orient, educate, organize, motivate, and assess the performance of trustees. It shall assume such additional responsibilities as may from time to time be assigned by the Chair of the Board of Trustees with the approval of the Board of Trustees including, but not limited to:



- a.** reviewing and recommending to the Board any changes to the expectations of membership and code of conduct for all trustees, including trustees emeriti;
  - b.** recommending to the Board of Trustees candidates for election to membership on the Executive Committee;
  - c.** recommending to the Board of Trustees proposed Student and Academic Trustees;
  - d.** reviewing the service of a Trustee upon retirement;
  - e.** evaluating and making recommendations on the working effectiveness of the Board and its committees; and
  - f.** evaluating, recommending and reporting on the qualifications and skill sets to be considered in the process of nominating board of trustee candidates.
- (2)** in fulfillment of its long-range planning responsibilities:
  - a.** charge and support the chief executive with leading a strategic planning process, participating in that process, approve the strategic plan, and monitoring its progress; and
  - b.** ensure the growth, development, and sustainability of the University for future generations in order to achieve its full potential as one of the world's great universities.

**(iv)** Committee on Audit and Risk. The committee shall consist of not less than five (5) appointive members, in addition to the ex officio members, and shall oversee the auditing of the University's financial statements and internal controls as set forth more

fully in the operating guidelines of the committee. In fulfilling its responsibility, the committee on audit and risk shall consider and report or recommend to the Board of Trustees on matters pertaining to:

- (1) regular and special audits; and
- (2) the identification and management of risks including financial, material, and reputational.

(v) Committee on Legal and Compliance; The committee on legal and compliance shall consist of not less than five (5) appointive members, in addition to the ex officio members, and shall oversee adherence to laws, regulations, and policies that pertain to University operations. In fulfilling its responsibility, the committee on legal and compliance shall consider and report or recommend to the Board of Trustees on matters pertaining to compliance, oversight and legal issues as legally or otherwise prescribed.

(vi) Committee on Outreach, Development and Community Relations. The committee on outreach, development and community relations shall consist of not less than five (5) appointive members, in addition to the ex officio members and shall, in concert with the University's leadership, engage regularly with the University's major constituents including the faculty, staff, students, alumni, supporters, relevant state and local government agencies and officials, business leaders and the public. It shall assume such additional responsibilities as may from time to time be assigned by the Chair of the Board of Trustees with the approval of the Board of Trustees including, but not limited to:

- (1) Educating constituents about the role and responsibilities of the Board of Trustees;

(2) Communicating the value of the University to all constituents at all locations; and

(3) Developing short and long term communication plans consistent with University priorities.

(vii) Committee on Compensation. The committee on compensation shall consist of the Vice Chair of the Board of Trustees, the immediate past Chair of the Board of Trustees, the Chair of the committee on finance, business and capital planning, the Chair of the subcommittee on human resources and one at large member appointed by the Chair of the Board of Trustees, in addition to the ex officio members, and shall consider and report or recommend to the Board of Trustees on matters pertaining to:

(1) Changes to the executive compensation philosophy and strategy;

(2) Significant changes in executive compensation and benefit programs and policies;

(3) An annual review and approval of the President's personal goals and objectives, performance and annual compensation, including salary and incentive compensation, if applicable; and

(4) Any additional items or actions brought to the Board of Trustees by the committee on compensation at its discretion.

(g) Selection of Committee Members. Members of the standing committees, and the chairperson and vice chairperson thereof, shall be appointed by the Chair of the Board of Trustees. The Chair and, in his or her absence, the Vice Chair of the Board of Trustees shall be an ex officio member of all standing committees, of all special committees and of all subcommittees. No Trustee shall serve as chairperson of any standing committee for more than five (5) consecutive years, except as specifically approved by a two-thirds vote of the Board of Trustees. Members of

the subcommittees, and the chairperson and vice chairperson thereof, shall be appointed by the chair of the standing committee of which the subcommittee is a part, after consultation with the Chair of the Board of Trustees.

**(h)** Term of Committee Members. Committee members shall serve for a term of one (1) year commencing upon the date of the election of officers of the Board or such other date as may be prescribed by the Chair of the Board of Trustees, and until their successors are appointed in accordance with this Bylaw.

**(i)** Vacancies on Standing Committees. Vacancies on all standing committees shall be filled through appointment by the Chair of the Board to serve the unexpired term created by the vacancy.

**(j)** Consultation with Constituent Groups. Standing committees shall seek consultation from representative constituent groups as appropriate in the exercise of their responsibilities.

**(k)** The following shall be the subcommittees of the Board of Trustees:

**(i)** The subcommittee on architect/engineer selection (of the committee on finance, business and capital planning) shall be composed of three members of the committee on finance, business and capital planning. When it becomes necessary for the Board of Trustees to appoint an executive architect or engineer for major University physical plant projects, University staff will prepare a list of not less than three nor more than five firms for consideration by the subcommittee. The qualifications of these firms to perform this particular professional activity as well as background information regarding the type of firm and previous professional work will be presented to the subcommittee. Based on this information, and upon any recommendation that may be forthcoming from a

program committee, and any additional information the subcommittee may request, the subcommittee, after discussion with the staff, will recommend to the committee on finance, business and capital planning, the firm that they recommend the Board of Trustees should appoint.

(ii) The subcommittee on finance (of the committee on finance, business and capital planning) shall be composed of up to three members of the committee on finance, business and capital planning. This subcommittee shall be responsible for reviewing on a regular basis certain of the University's material financial matters, including the operating and capital budgets, balance sheet management and debt strategy, non-endowed investments, review and endorsement of endowment spending rates, and informing the committee on finance, business and capital planning regarding relevant financial oversight matters.

(iii) The subcommittee on human resources (of the committee on compensation) shall be composed of up to five members, not all of whom need be members of the committee on compensation. This subcommittee shall be responsible for reviewing on a regular basis certain of the University's greatest assets, its human resources, including the applicable policies and procedures concerning the recruitment, retention, and training of employees, as well as diversity and inclusion. The subcommittee shall be responsible for a review of compensation policies and practices.

(iv) The subcommittee on legal (of the committee on legal and compliance) shall be composed of up to five members of the committee on legal and compliance. This subcommittee shall be responsible for reviewing matters pertaining to compliance,

oversight and legal issues as legally or otherwise prescribed, including but not limited to litigation strategies and other matters as prescribed by the subcommittee's charter.

(v) The subcommittee on risk (of the committee on audit and risk) shall be composed of up to five members, at least two of whom shall be members of the committee on audit and risk. This subcommittee shall be responsible for reviewing matters pertaining to the identification and management of risks, including financial, operational, strategic and compliance risks, as prescribed by the subcommittee's charter.

**Section 3.04 Quorum and Actions.** At all meetings of a committee, the presence of at least a majority of the members of such committee (including any ex officio members of such committee) shall be necessary and sufficient to constitute a quorum for the transaction of business. Except as set forth in Section 3.02(b), resolutions of a committee shall be adopted, and any action of the committee upon any matter shall be valid and effective, with the affirmative vote of a majority of the members of the committee present at a meeting duly convened and at which a quorum is present.

**Section 3.05 Authority of Board.** Any action taken by any committee shall be subject to alteration or revocation by the Board of Trustees; provided, however, that third parties shall not be prejudiced by such alteration or revocation.

**Section 3.06 Special Assignments.** The Chair of the Board of Trustees may make special assignments to the Trustees from time to time in furtherance of the Board's duties and obligations. Such assignments shall include, but not be limited to, the following:

(a) **Trustee Representative at All Commencements.** The Board of Trustees shall be represented at all Commencements by the Chair of the Board of Trustees or by Trustees designated by the Chair of the Board of Trustees.

(b) Trustee Representative at Meetings of the Executive Board of the Alumni Association. On recommendation of the Executive Board of the Alumni Association, the Chair of the Board of Trustees is authorized to appoint a Trustee to attend all official meetings of the Executive Board of the Alumni Association.

(c) Trustee Liaison to Capital Campaigns. The Chair of the Board of Trustees is directed to appoint a liaison Trustee to interact with developmental activities for capital campaigns and to apprise the Board of Trustees of the activities and the progress of campaigns.

#### **ARTICLE IV**

#### **LIABILITY AND INDEMNIFICATION**

##### **Section 4.01 Personal Liability of Trustees.**

(a) Elimination of Liability. To the fullest extent that the laws of the Commonwealth of Pennsylvania, as now in effect or as hereafter amended, permit elimination or limitation of the liability of Trustees, no Trustee of the University shall be personally liable for monetary damages as such for any action taken, or any failure to take any action, as a Trustee.

(b) Nature and Extent of Rights. The provisions of this Section shall be deemed to be a contract with each Trustee of the University who serves as such at any time while this Section is in effect and each such Trustee shall be deemed to be so serving in reliance on the provisions of this Section. Any amendment or repeal of this Section or adoption of any Bylaw or provision of the Articles of the University which has the effect of increasing Trustee liability shall operate prospectively only and shall not affect any action taken, or any failure to act, prior to the adoption of such amendment, repeal, Bylaw or provision.

##### **Section 4.02 Indemnification.**

(a) Right to Indemnification.

(i) As used herein, the word “Action” shall mean any action, suit or proceeding, administrative, investigative or other, (i) to which such person is a party (other than an action by the University) or (ii) in connection with which such person is not a party but is a witness, subject to investigation or otherwise involved, in either case by reason of such person being or having been a Trustee or officer of the University or by reason of such person serving or having served at the request of the University as a director, officer, employee, fiduciary or other representative of another corporation, partnership, joint venture, trust, employee benefit plan or other entity.

(ii) Except as prohibited by law, each Trustee and officer of the University shall be entitled as of right to be indemnified by the University against expenses and any liability paid or incurred by such person (i) in the defense of any Action to which such person is a party or (ii) in connection with any other Action.

(iii) A person who is not a Trustee or officer of the University may be similarly indemnified in respect of service to the University to the extent the Board of Trustees at any time designates such person as entitled to the benefits of this Section. The Board of Trustees has delegated to the Vice President and General Counsel the authority to make the determination, after consideration of relevant facts and circumstances, as to whether a person who is not a Trustee or officer of the University shall be indemnified in respect of his or her service to the University pursuant to this paragraph.

(iv) As used in this Section, “indemnatee” shall include each Trustee and each officer of the University and each other person designated by the Board of Trustees as entitled to the benefits of this Section; “liability” shall include amounts of judgments, excise taxes, fines, penalties and amounts paid in settlement; and “expenses” shall include



fees and expenses of counsel incurred by the indemnitee only (i) if the University has not at its expense assumed the defense of the Action on behalf of the indemnitee with reputable and experienced counsel selected by the University, or (ii) if it shall have been determined pursuant to Section (c) hereof that the indemnitee was entitled to indemnification for expenses in respect of an Action brought under that Section.

**(b)** Right to Advancement of Expenses. Every indemnitee shall be entitled as of right to have his expenses in defending any Action paid in advance by the University, as incurred; provided, however, that the University receives a written undertaking by or on behalf of the indemnitee to repay the amount advanced if it should ultimately be determined that such person's conduct was such that the University is prohibited by law from indemnifying such person.

**(c)** Right of Indemnitee to Initiate Action; Defenses.

**(i)** If a written claim under paragraph (a) or paragraph (b) of this Section is not paid in full by the University within thirty days after such claim has been received by the University, the indemnitee may at any time thereafter initiate an action to recover the unpaid amount of the claim and, if successful in whole or in part, the indemnitee shall also be entitled to be paid the expense of prosecuting such action.

**(ii)** The only defenses to an action to recover a claim for indemnification otherwise properly asserted under paragraph (a) shall be that the indemnitee's conduct was such that under applicable law the University is prohibited from indemnifying the indemnitee for the amount claimed, but the burden of proving any such defense shall be on the University.

**(iii)** The only defense to an action to recover a claim for advancement of expenses otherwise properly asserted under paragraph (b) shall be that the indemnitee

failed to provide the undertaking required by paragraph (b), but the burden of proving any such defense shall be on the University.

(d) Non-Exclusivity; Nature and Extent of Rights; Insurance. The rights to indemnification and advancement of expenses provided for in this Section shall (i) not be deemed exclusive of any other rights to which any indemnitee may be entitled, (ii) be deemed to create contractual rights in favor of each indemnitee who serves the University at any time while this Section is in effect (and each such indemnitee shall be deemed to be so serving in reliance on the provisions of this Section), and (iii) continue as to each indemnitee who has ceased to have the status pursuant to which he was entitled or was designated as entitled to indemnification under this Section and shall inure to the benefit of the heirs and legal representatives of each indemnitee. The University may provide, at its cost, insurance, or may self-insure, to protect itself and any Trustee, officer, agent or employee eligible to be indemnified hereunder against any liability or expense whether or not the University would have the power to indemnify such trustee, officer, agent or employee.

## **ARTICLE V**

### **OFFICERS AND EMPLOYEES**

#### **Section 5.01 Officers.**

(a) Officers. The officers of the Board of Trustees shall be a President (also referred to as the “Chair”), a Vice President (also referred to as the “Vice Chair”), each of whom shall be a member of the Board of Trustees, and a Secretary.

(b) Election and Term of Officers. All officers of the Board of Trustees shall be chosen each year by ballot of the voting members of the Board of Trustees present at the stated

meeting of the Board of Trustees in July to serve for a period of one year and until their successors are chosen according to these Bylaws.

(c) Duties of Officers. The Chair of the Board of Trustees shall perform the corporate duties which pertain to that office. The Chair shall appoint all committees and subcommittees of the Board of Trustees and the chairperson thereof (except the executive committee) unless otherwise ordered by the Board of Trustees. The Vice Chair shall, in the absence of the Chair, perform the duties of the Chair. The Secretary shall perform the corporate duties which pertain to that office, be custodian of the corporate seal, conduct the ordinary correspondence of the Board of Trustees and maintain an accurate record of all proceedings of the Board of Trustees and of the executive committee.

(d) Vacancies in Office. Vacancies in any office or offices may be filled by ballot of the voting members present at any meeting of the Board of Trustees.

(e) Officers of the University. The executive officers of the University shall be the President, one or more Vice Presidents as the Board of Trustees may from time to time determine, an associate secretary, three assistant secretaries, a Treasurer, and three assistant treasurers, all of whom shall be elected by the Board of Trustees. Except for the office of the President and Secretary, any two or more offices may be held by the same person. Each executive officer shall hold office at the pleasure of the Board of Trustees, or until his or her death or resignation.

(f) The associate secretary shall assist the secretary in the performance of his/her duties and shall act for and on behalf of the University in the same manner and with the same authority as the secretary. The assistant secretaries shall assist the associate secretary and shall act for and on behalf of the University in the same manner and with the same authority as the

secretary. The Treasurer shall receive and disburse all monies of the corporation under procedures and safeguards prescribed by the Board of Trustees. The assistant treasurers shall assist the treasurer in the performance of these duties and shall act for and on behalf of the University in the same manner and with the same authority as the treasurer.

**Section 5.02 Additional Officers; Other Agents and Employees.** The Board of Trustees may from time to time appoint or employ such additional officers, assistant officers, agents, employees and independent contractors as the Board of Trustees deems advisable; the Board of Trustees shall prescribe their duties, conditions of employment and compensation; and the Board of Trustees shall have the right to dismiss them at any time, without prejudice to their contract rights, if any. The President of the University may employ from time to time such other agents, employees and independent contractors as he may deem advisable for the prompt and orderly transaction of the business of the University, and he may prescribe their duties and the conditions of their employment, fix their compensation and dismiss them at any time, without prejudice to their contract rights, if any.

**Section 5.03 The Chair.** The Chair of the Board of Trustees, if any, shall be elected from among the voting members of the Board of Trustees, shall preside at all meetings of the Board of Trustees as provided herein, and shall have such other powers and duties as from time to time may be prescribed by the Board of Trustees. The Chair shall be an ex officio member of all standing committees and subcommittees, entitled to vote thereon. In the absence or disability of the Chair, the Vice Chair shall have the powers and perform the duties of the Chair.

**Section 5.04 The President.** The President of the University shall be the chief executive officer of the University. Subject to the control of the Board of Trustees, the President shall have general supervision of and general management and executive powers over all the

property, operations, business, affairs and employees of the University, and shall see that the policies and programs adopted or approved by the Board of Trustees are carried out. The President shall exercise such further powers and duties as from time to time may be prescribed in these Bylaws or by the Board of Trustees. The President of the University, as chief administrative officer, shall carry out all orders and directives of the Board of Trustees and shall administer all policies of the Board of Trustees, as well as the policies established by him or her and by the faculty. The President may delegate such administrative authority as he or she deems appropriate to his or her staff, to the Treasurer, to the deans of the various academic units, and to others, who shall exercise such delegated authority in the name of the President. The establishment of senior administrative positions responsible directly to the President and the determination of the functions of such positions shall be made by the President of the University. All administrative officers with the title of vice president or dean shall be appointed by the President, subject to the approval of the Board of Trustees. Removal of such administrative officers with the title of vice president or dean shall be made by the President and, in such event, the President shall inform the Board of Trustees of such removal at the next regular meeting of the Board. The President, as chief policy officer, shall have final authority, subject to the revisions and orders of the Board of Trustees, to establish policy concerning educational policy and planning, student affairs, the instructional program, courses and curricula, personnel, admissions, graduation requirements, scholarships and honors, calendar requirements, business, planning, research, and finance; provided, however, that the President shall delegate to the faculty, as appropriately organized, subject to the orders of the President, the authority to establish policy concerning the approval and supervision of the instructional program, including courses and curricula, academic admission standards, graduation requirements, and scholarships and honors. The President shall consult with the faculty, as

appropriately organized, in the establishment of policy concerning educational policy and planning, including general admissions policy, calendar, academic personnel, student affairs, and any other matter he or she shall deem appropriate. In addition, the President shall consult with the student body, as appropriately organized, in the area of student affairs.

**Section 5.05 The Vice President(s).** The University may have one or more Vice Presidents. The Vice President(s) may be given by resolution of the Board of Trustees general executive powers, subject to the control of the President, concerning one or more or all segments of the operations of the University. The Vice President(s) shall exercise such further powers and duties as from time to time may be prescribed in these Bylaws or by the Board of Trustees or the President. At the request of the President, or in his or her absence or disability, the Executive Vice President and Provost shall exercise the powers and duties of the President.

**Section 5.06 The Secretary, Associate Secretary and Assistant Secretaries.** It shall be the duty of the Secretary (a) to keep an original or duplicate record of the proceedings of the Board of Trustees, and a copy of the Charter and of the Bylaws; (b) to give such notices as may be required by law or these Bylaws; (c) to be custodian of the corporate records and of the seal of the University and see that the seal is affixed to such documents as may be necessary or advisable; and (d) to exercise all powers and duties incident to the office of Secretary; and such further powers and duties as from time to time may be prescribed in these Bylaws or by the Board of Trustees or the President. The Associate Secretary and the assistant secretaries shall assist the Secretary in the performance of his duties and shall also exercise such further powers and duties as from time to time may be prescribed by the Board of Trustees, the President or the Secretary. At the direction of the Secretary or in his or her absence or disability, the Associate Secretary shall exercise the powers and duties of the Secretary.

**Section 5.07 The Treasurer and Assistant Treasurers.** It shall be the duty of the Treasurer (a) to keep the University's contracts, insurance policies, leases, deeds and other business records; (b) to see that the University's lists, books, reports, statements, tax returns, certificates and other documents and records required by law are properly prepared, kept and filed; (c) to be the principal officer in charge of tax and financial matters, budgeting and accounting of the University; (d) to have charge and custody of and be responsible for the University's funds, securities and investments; (e) to receive and give receipts for checks, notes, obligations, funds and securities of the University, and deposit monies and other valuable effects in the name and to the credit of the University, in such depositories as shall be designated by the Board of Trustees; (f) to cause the funds of the University to be disbursed by payment in cash or by checks or drafts upon the authorized depositories of the University, and to cause to be taken and preserved proper vouchers for such disbursements; (g) to render to the President and the Board of Trustees whenever they may require it an account of all his transactions as Treasurer, and reports as to the financial position and operations of the University; (h) to keep appropriate, complete and accurate books and records of account of all the University's business and transactions; and (i) to exercise all powers and duties incident to the office of Treasurer; and such further duties from time to time as may be prescribed in these Bylaws or by the Board of Trustees or the President. The assistant treasurers shall assist the Treasurer in the performance of his or her duties and shall also exercise such further powers and duties as from time to time may be prescribed by the Board of Trustees, the President or the Treasurer. At the direction of the Treasurer or in his absence or disability, an assistant treasurer shall exercise the powers and duties of the Treasurer.

**Section 5.08 Vacancies.** Any vacancy in any office or position by reason of death, resignation, removal, disqualification, disability or other cause shall be filled in the manner provided in this Article V for regular election or appointment to such office.

**Section 5.09 Delegation of Duties.** The Board of Trustees may in its discretion delegate for the time being the powers and duties, or any of them, of any officer to any other person whom it may select. Upon authorization by the Board of Trustees, an officer may delegate performance of specific duties to employees and agents of the University.

(a) Notwithstanding the foregoing, the following matters shall require the approval of the Board of Trustees:

(i) Basic University Organization and Policy

(1) Amendments to the Charter, Bylaws and Standing Orders;

(2) All reports of standing or special committees of the University's Board of Trustees;

(3) All major modifications of educational policy;

(4) Authorization to grant degrees to graduates;

(5) The determination of the major goals of the University, including the establishment and review of long-range plans for the educational, financial and physical development of the University; and

(6) University intellectual property policy.

(ii) Fiscal Matters

(1) Establishment of, or changes in existing, major University fiscal policies;



- (2) Annual operating budgets and changes in the approved totals, state appropriation requests, and appropriation of building funds unappropriated;
- (3) Acceptance of gifts, bequests, grants, fellowships, scholarships, loan funds that are not in accord with established policy;
- (4) Establishment of, or changes in, fees including tuition, room and board;
- (5) Authorization to borrow money; authorization of persons to sign checks, contracts, legal documents, and other obligations, and to endorse, sell, or assign securities; and
- (6) Selection of a firm to make annual audit of University accounts.

~~(iii)~~ Physical Plant

(iii) Capital Projects

- (1) Establishment of, or changes in existing policies, on matters such as selection of architects, naming of buildings and roads, preservation of campus landmarks;
- ~~(2)~~ Approval of the purchase or sale Purchase of land and other real estate with a value purchase price of ~~over~~ \$1 million or more;
- ~~(2)~~ (3) Sale of land or other real estate, with the exception of the sale of land and other real estate ~~up to~~ with a sale price of less than \$3 million ~~in value~~ gifted to the University for the express purpose of sale with proceeds benefitting the University;
- ~~(3)~~ (4) Approval of specific Honorific names for individual buildings and roads;

~~(4) Design plans for buildings and facilities to be constructed or significant alteration to existing buildings, with the exception of temporary buildings or buildings under \$5 million in cost; provided that review and approval may be requested by the administration in lieu of presentation as an information item for projects of a special nature that fall below the \$5 million level;~~

~~(5)(1) Projects under \$5 million in cost that are bond-financed;~~

~~(5) Approval to award contracts for Any new construction or renovation project for which the total project cost is \$5 million or more, including~~

~~(A) Total project cost; provided, however, that the Officers of the University shall have the discretion to expend up to an additional 10 percent of the authorized construction approved total project cost, as necessary; and~~

~~(B) Appointment of architectarchitects, unless such project is funded in whole or in part with Commonwealth funds or designed by University employees;~~

~~(C) Design; and~~

~~(D) Awarding of contracts for construction;~~

~~(6) Projects under \$5 million in cost that are bond-financed;~~

~~(6)(7) of major projectsOther capital expenditures of \$5 million or more.~~

(iv) Personnel Matters.

(1) The selection, evaluation, compensation and removal of the President of the University, in accordance with policies and procedures adopted by the Board of Trustees from time to time. This responsibility includes a commitment to grant the President broad delegated authority, to support the President in his/her exercise of such authority, to judge the performance of the President, and if necessary, to remove the President. In the selection of a

President, the Board shall consult with representatives of the faculty and the student body.

(2) The establishment of and any changes to the University's executive compensation philosophy.

(3) The establishment of and any changes to the employment terms and conditions of the President of the University.

(4) The appointment of Vice Presidents and Deans and the appointment and removal of the Vice President and General Counsel.

(v) Miscellaneous

(1) Selection of the recipients of Distinguished Alumni Awards, honorary degrees and the Penn State Medal; and

(2) Selection of specific dates for regular meetings of the Board of Trustees.

(b) The delegation of authority set forth in this Section 5.09 requires that the Board of Trustees rely on the judgment and decisions of those who operate under its authority. However, this reliance of the Board of Trustees must be based upon its continuing awareness of the operations of the University. Therefore, the Board of Trustees shall receive and consider thorough and forthright reports on the affairs of the University by the President or those designated by the President. The Board of Trustees has a continuing obligation to require information or answers on any University matter with which it is concerned. In addition to such matters as the President of the University may determine, or as requested by the Chair of the Board of Trustees, the following matters shall be presented to the Board of Trustees for information:

(i) Basic University Organization and Policy

- (1) New curricula and major changes in existing curricula;
- (2) Major policy matters affecting student welfare and activities; and
- (3) Major policy matters affecting research.

**(ii) Fiscal Matters**

- (1) Financial statements, and gifts, bequests, grants, fellowship, scholarships, loan funds that are in accord with established policy; and
- (2) The University's annual reports filed under the Clery Act and the Pennsylvania Right to Know Act.

**(iii) Personnel Matters**

- (1) Policies. New policies or changes in existing policies governing appointments, promotions in academic rank, leaves of absence, resignations, retirements, academic freedom and tenure, hours and conditions of employment, and fringe benefits; and
  - (2) Executive Compensation. Information regarding
    - i. the evaluation and compensation of University executives (other than the President of the University), in accordance with policies and procedures recommended by the committee on compensation from time to time.
    - ii. The establishment of and any changes to executive compensation and benefit programs and policies.
    - iii. Information regarding the removal of Vice Presidents and Deans.

~~(iv) Physical Plant~~

(iv) Capital Projects

- (1) New construction or renovations projects with a total project cost between \$1,000,000 equal to or greater than \$1 million but less than \$5 million;

~~(1) — Generic naming of individual buildings and \$4,999,999;~~

(2) Naming roads and honorific naming of rooms, portions of buildings, and plazas;

(3) Real purchase of real estate purchases with a purchase price of less than \$1 million ~~in value~~;

(4) Proceeds from the sale of land and other real estate with a sale price of less than \$3 million gifted to the University for the express purpose of sale;

(5) Capital budget request submitted to the Commonwealth of Pennsylvania; and

(6) Reports (including photographs) on the progress of new construction or renovation projects with a total project cost of \$5 million or more.

(c) Board of Trustees Delegation of Authority to Certain University Administrative Officers.

(i) The President, Vice President, Secretary, Treasurer, Assistant Treasurer, Senior Vice President for Finance and Business, and Corporate Controller of the University, or any one of such officers be and they are hereby fully authorized and empowered on behalf of the University to execute and acknowledge all deeds, agreements and contracts, and to transfer and endorse, sell, assign, set over and deliver any and all shares of stock, bonds, debentures, notes, evidences of indebtedness or other securities now or hereafter standing in the name of or owned by this University, and to make, execute, acknowledge, and deliver, under the corporate seal of this University, any and all written instruments necessary or proper to effectuate the authority hereby conferred.

(ii) The Treasurer, or in the absence of the Treasurer, the Senior Vice President for Finance and Business, may delegate in writing to such employees of the University as they may deem appropriate, the authority to execute and acknowledge on behalf of the University standardized agreements and contracts for which those employees have administrative responsibility.

(iii) The Chief Executive Officer of the Office of Investment Management, or in his absence, the Chief Investment Officer, is hereby fully authorized and empowered on behalf of the University to transfer and endorse, sell, assign, set over and deliver any and all shares of stock, bonds, debentures, notes or other securities now or hereafter standing in the name of or owned by this University, and to make, execute, acknowledge, and deliver, under the corporate seal of this University, any and all written instruments necessary or proper to effectuate the authority hereby conferred.

(iv) The Associate Vice President for Finance and Business and Controller, or, in his or her absence, the Associate Controller, be and is hereby fully authorized and empowered on behalf of the University to execute and acknowledge all agreements and contracts related to the affairs of the College of Medicine.

(v) The Associate Secretary and Assistant Secretary of this University, or any one of such officers, be and they are hereby fully authorized and empowered on behalf of this University to make, execute, acknowledge, and deliver, under the corporate seal of this University, any and all written instruments necessary or proper to effectuate the authority hereby conferred.

## ARTICLE VI

### MISCELLANEOUS CORPORATE TRANSACTIONS AND DOCUMENTS

**Section 6.01 Execution of Notes, Checks, Contracts and Other Instruments.** All notes, bonds, drafts, acceptances, checks, endorsements (other than for deposit), guarantees and all evidences of indebtedness of the University whatsoever, and all deeds, mortgages, contracts and other instruments requiring execution by the University, may be signed by the Chair, the President, any Vice President or the Treasurer, and authority to sign any of the foregoing, which may be general or confined to specific instances, may be conferred by the Board of Trustees upon any other person or persons. Any person having authority to sign on behalf of the University may delegate, from time to time, by instrument in writing, all or any part of such authority to any other person or persons if authorized to do so by the Board of Trustees, which authority may be general or confined to specific instances. Facsimile signatures on checks may be used if authorized by the Board of Trustees.

**Section 6.02 Voting Securities Owned by the University.** Securities owned by the University and having voting power in any other University shall be voted by the President or any Vice President, unless the Board of Trustees confers authority to vote with respect thereto, which may be general or confined to specific investments, upon some other person. Any person authorized to vote such securities shall have the power to appoint proxies, with general power of substitution.

## ARTICLE VII

### GENERAL PROVISIONS

**Section 7.01 Offices.** The principal business office of the University shall be located at 201 Old Main, University Park, Pennsylvania 16802. The University may also have

offices at such other places within or without the Commonwealth of Pennsylvania as the business of the University may require.

**Section 7.02 Corporate Seal.** The Board of Trustees shall prescribe the form of a suitable corporate seal, which shall contain the full name of the University and the year and state of its creation.

**Section 7.03 Fiscal Year.** The fiscal year of the University shall end on June 30 or on such other day as shall be fixed by the Board of Trustees.

**Section 7.04 Private Inurement.** No part of the net earnings of the University shall inure to the benefit of, or be distributable to, its Trustees, officers or other private persons, except that the University shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in these Bylaws and the University's Charter.

## **ARTICLE VIII**

### **CONFLICTS OF INTEREST**

**Section 8.01 Definitions.** For purposes of Sections 8.01 – 8.11 hereof, the following terms shall have the meanings set forth below.

(a) **Conflict of Interest.** A “conflict of interest” exists when a reasonable observer, having knowledge of all of the relevant facts and circumstances, would conclude that a Trustee has an actual or apparent conflict of interest in a matter related to the University. In addition to financial conflicts of interest, a conflict of interest includes a situation in which a Trustee, family member or related entity has an interest that may lead the Trustee to act in a way that is incompatible with or a breach of the Trustee's fiduciary duty to the institution or use such Trustee's role to achieve personal gain or benefit or gain or benefit to family, friends or associates.



(b) **Family Member.** A “family member” means a Trustee’s spouse or dependent child.

(c) **Financial Conflict of Interest.** A “financial conflict of interest” exists when a Trustee, a family member or related entity has an actual or potential financial interest in a matter (i) that is pending before the Board for discussion or vote or (ii) in which the Trustee or a family member is personally involved. A financial conflict of interest does not include a student or employment relationship of a family member.

(d) **Related Entity.** A “related entity” means a corporation, partnership, association or other entity where the Trustee or family member serves as an officer, director, partner or employee; expects to receive \$5,000 or more in compensation for services in a calendar year; holds any equity in a non-publicly traded entity; or holds an interest of 5% or more in a publicly traded entity.

(e) **Known.** “Known” means that the Trustee has actual knowledge of the conflict of interest.

(f) **Board.** “Board” includes any standing or ad hoc committee of the Board.

(g) **Disclose or Disclosure.** “Disclose” or “disclosure” means to provide a brief summary of the transaction, agreement or business arrangement and the Trustee’s financial or other interest.

**Section 8.02 Disclosure.** Each Trustee must disclose in writing to the Office of the Board of Trustees and to the Chair of the Board all situations that involve actual or apparent conflicts of interest if and as the conflict of interest becomes known to such Trustee.

**Section 8.03 Annual Disclosure.** In addition to other annual disclosures required by law or policy, each Trustee must disclose annually and in writing to the Secretary of

the Board all conflicts of interest that are known to such Trustee. The annual disclosures of known conflicts of interest will be publicly available upon request.

**Section 8.04 Recusal.** If a matter in which a Trustee has a known conflict of interest comes before the Board for discussion or decision, the interested Trustee shall leave the Board meeting while the matter is discussed and voted upon. The Trustee's interest and recusal shall be noted in the minutes, which shall be publicly available.

**Section 8.05 Contracts or Transactions with the University.** (a) A contract or transaction between the University and a Trustee, family member or an entity in which a 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. 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. In circumstances where the Trustee, family member or related entity is purchasing goods or services from the University, as opposed to selling such goods or services, the matter is presumptively in the University's interests if the price is fair and reasonable and the contract or transaction does not foreclose a similar transaction with another individual or entity. In other circumstances where the University is purchasing goods or services, 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. If, after exercising such due diligence, the official determines that it is in the best interests of the University to proceed, the matter must be submitted to the Board for approval. The written materials submitted to the Board shall include a description of the contracting process, including the use of open and public bidding if possible and practical, and the official's analysis of why it is in the best interests of the University to proceed

with the agreement or relationship. The interested Trustee shall leave the meeting during the discussion and voting. The 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. Any such decision shall be recorded in the minutes, which shall be publicly available.

(b) Contracts or transactions of less than \$10,000 between the University and a Trustee, family member or an entity in which the Trustee or a family member has a beneficial interest of ten percent (10%) or more will be disclosed to the Board of Trustees annually in a written report which shall be available to the public. The report shall include a certification by the appropriate officers of the University that such contracts or transactions were made in the normal course of business and were fair to the University.

**Section 8.06 Annual Statements.** Each Trustee shall annually sign a statement that affirms that such Trustee (a) has received a copy of the Board's conflict of interest policy as expressed in this Article VIII, (b) has read and understands the policy, and (c) has agreed to comply with the policy.

**Section 8.07 Fiduciary Duty.** Members of the Board of Trustees stand in a fiduciary relationship to the University which reposes special confidence in each member. Members of the Board of Trustees shall act in good faith, with due regard to the interests of the University, and shall comply with the fiduciary principles of conduct in addition to any other state or federal requirements. Trustees bring to their roles varied backgrounds and expertise, and they are selected in different ways, but they must keep the welfare of the entire University, not just a particular constituency, at all times paramount.

**Section 8.08 Misuse of Information.** No member of the Board of Trustees shall for personal gain or benefit or for the gain or benefit of others use any information not available to the public at large and obtained as a result of service to the University.

**Section 8.09 Gifts and Favors.** No member of the Board of Trustees shall solicit or accept for personal use or for the use of others any gift, loan, gratuity, reward, promise of future employment or any other thing of monetary value based on any understanding that the vote, official action or judgment of the member would be influenced thereby.

**Section 8.10 Pre-Existing Contract or Transaction.** A contract or transaction that would be required to be disclosed under this Article but which was entered into before the interested Trustee assumed office, or which became subject to this Article as a result of amendments to the Article, and which remains to be performed in whole or in part, shall be disclosed by the Trustee pursuant to Section 8.03 but is not subject to the voting and other requirements of this Article.

**Section 8.11 Family Members as Employees.** A record of all spouses or dependent children of Trustees who are employed by the University or an affiliated entity and where compensation exceeds \$10,000 per year shall be maintained in the Office of the Board of Trustees and the names and positions but not the amount of compensation shall be posted on the University's public website.

**Section 8.12 Employment of Trustees.** No Trustee may be employed by the University in any capacity before the fifth (5th) anniversary of the date on which such person last served as a Trustee, except as approved by action of the Board of Trustees.

**Section 8.13 Disclosure of Potential Conflict of Interest by Employees of the University.** Employees of the University shall exercise the utmost good faith in all transactions

touching upon their duties to the University and its property. In their dealings with and on behalf of the University, they shall be held to a strict rule of honest and fair dealings between themselves and the University. They shall not use their positions, or knowledge gained therefrom, in such a way that a conflict of interest might arise between the interest of the University and that of the individual. Employees shall disclose to the administrative head of the college or other unit in which they are employed, or other appropriate superior officer, any potential conflict of interest which they are aware before a contract or transaction is consummated. This bylaw shall be published to the University community at least once annually.

**Section 8.14 Consultation.** Any Trustee or University official may consult with the Secretary of the Board or the University General Counsel concerning the interpretation or application of any of the provisions of Article VIII.

## **ARTICLE IX**

### **AMENDMENTS**

**Section 9.01 Amendments.** These Bylaws may be amended, altered or repealed, and new bylaws may be adopted, by the Board of Trustees at any regular or special meeting. Except as specifically set forth in Section 4.01, no provision of these Bylaws shall vest any property or contract right in any person.

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AMENDED AND RESTATED BYLAWS  
THE CORPORATION FOR PENN STATE

## ARTICLE I INTRODUCTORY

Section 1.01	Definition of Bylaws
Section 1.02	Purposes and Powers

## ARTICLE II OFFICES AND AGENCY

Section 2.01	Principal and Branch Offices
Section 2.02	Location of Registered Office

## ARTICLE III MEMBERSHIP

Section 3.01	<del>3.02</del>	Definition of Membership
<u>Section 3.02</u>		Membership Assessments
<del>Section 3.03</del>		Place of Members' Meetings
<del>Section 3.04</del>		Annual Members' Meetings
<del>Section 3.05</del>		Special Members' Meetings
<del>Section 3.06</del>	<del>3.07</del>	Notice of Members' Meetings
<del>Section 3.08</del>		Proxy Voting Prohibited
<del>Section 3.09</del>		Quorum of and Action by Members
<del>Section 3.11</del>		Transferability of Membership
<del>Section 3.12</del>		Termination of Membership

## ARTICLE IV DIRECTORS

Section 4.01	Definition of Board of Directors
<del>Section 4.02</del>	<del>Structure of Board</del>
Section 4.0 <u>2</u> <del>3</del>	Qualifications of Directors
Section 4.0 <u>3</u> <del>4</del>	Number of Directors
<del>Section 4.05</del>	<del>Election of Directors</del>
Section 4.0 <u>4</u> <del>6</del>	Terms of Directors
Section 4.0 <u>5</u> <del>7</del>	Vacancies on the Board
Section 4.0 <u>6</u> <del>8</del>	Place of Directors' Meetings
Section 4.0 <u>9</u> <del>7</del>	Regular Directors' Meetings
Section 4.0 <u>8</u> <del>10</del>	Notice of Special Directors' Meetings
Section 4.0 <u>9</u> <del>11</del>	Call of Special Board Meetings
Section 4.1 <u>0</u> <del>2</del>	Waiver of Notice
Section 4.1 <u>1</u> <del>3</del>	Quorum of Directors
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Section 4.1 <u>3</u> <del>5</del>	Powers
Section 4.1 <u>4</u> <del>6</del>	Removal of Directors by Members

## ARTICLE V OFFICERS

Section 5.01	Roster of Officers
Section 5.02	Selection of Officers
Section 5.03	Multiple Officeholders
Section 5.04	Chairman of the Board
Section 5.05	President
Section 5.06	Vice President
Section 5.07	Secretary

Section 5.08	Treasurer
Section 5.09	Removal of Officers
Section 5.10	Delegation of Office

#### ARTICLE VI INFORMATIONAL ACTION

<del>Section 6.01</del>	<del>Waiver of Notice</del>
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#### ARTICLE VII OPERATIONS

Section 7.01	Fiscal Year
Section 7.02	Execution of Documents
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<del>Section 7.04</del>	<del>Inspection of Books and Records</del>
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Section 7.05 <sup>6</sup>	Loans to Management

#### ARTICLE VIII INDEMNIFICATION OF DIRECTORS AND OFFICERS AND OTHER PERSONS

Section 8.01	Indemnification
Section 8.02	Advances
Section 8.03	Insurance

#### ARTICLE IX INTERPRETATION OF BYLAWS

Interpretation of Bylaws

#### ARTICLE X AMENDMENT

Section 10.01	Modification of Bylaws
	<del>Adoption of Bylaws</del>



## ARTICLE I

### INTRODUCTORY

**Section 1.01 Definition of Bylaws.** These Bylaws constitute the code of rules adopted by The Corporation for Penn State for the regulation and management of its affairs.

**Section 1.02 Purposes and Powers.** This Corporation will have the purposes and powers as are stated in its Articles of Incorporation.

## ARTICLE II

### OFFICES AND AGENCY

**Section 2.01 Principal and Branch Offices.** The principal place of business of this Corporation in Pennsylvania will be located at ~~20510~~ Old Main Building, University Park, Pennsylvania. In addition, the Corporation may maintain other offices either within or without the Commonwealth of Pennsylvania as its business requires.

**Section 2.02 Location of Registered Office.** The location of the registered office of this Corporation is stated in the Articles of Incorporation. Such office will be continuously maintained in the Commonwealth of Pennsylvania for the duration of this Corporation. The Board of Directors may from time to time change the address of its registered office by duly adopted resolution and amend its Articles or file the appropriate statement with the Department of State.

## ARTICLE III

### MEMBERSHIP

**Section 3.01 Definition of Membership.** The Pennsylvania State University shall be the sole member of ~~Members of~~ this Corporation ~~are those persons having membership rights in accordance with the provisions of the Articles of Incorporation.~~

**Section 3.02** Memberships shall be nonassessable.

~~**Section 3.03 — Place of Members' Meetings.** Meetings of members will be held at such places within or without the Commonwealth of Pennsylvania as may be fixed from time to time by the Board of Directors or other persons entitled to call a meeting of the Members.~~

~~**Section 3.04 — Annual Members' Meetings.** The annual meeting of the Members will be held in the month of January or on such date and at such time as the Board of Directors may determine. At such annual meetings there shall be held an election of Directors.~~

~~**Section 3.05 — Special Members' Meetings.** Special meetings of the Members may be called by either of the following: 1) The Board of Directors; 2) The Chairman of the Board; 3) The President; 4) Members having at least twenty percent (20%) of the votes which all members are entitled to cast at such meeting.~~

~~Upon the written request of any person or persons entitled to call a special meeting, which request shall set forth the general purpose for which the meeting is desired, it shall be the duty of the Secretary to fix the date of such meeting to be held at such time, not less than five (5) nor more than sixty (60) days after the receipt of such request, as the Secretary may determine, and to give due notice thereof. If the Secretary shall neglect or refuse to fix the date of such meeting and to give notice thereof within five days after receipt of such request, the person or persons calling the meeting may do so.~~

~~**Section 3.06 — Notice of Members' Meetings.** Written or printed notice, stating the place, day, and hour of the meeting and, in the case of a special meeting, the general purpose or purposes for which the meeting is called, must be delivered not less than five (5) nor more than sixty (60) days before the date of the members' meeting, either personally, by registered or certified first class mail, or by telegram by or at the direction of the Chairman of the Board, the President, the Secretary, or the officers or other persons or Members calling the meeting, to each Member entitled to vote at such meeting. If mailed, the notice will be deemed to be delivered when deposited in the United States mail addressed to the Member at his address as it appears on the records of the Corporation, with postage prepaid.~~

~~**Section 3.07** — Each member will be entitled to one vote on each matter submitted to vote of members.~~

~~Section 3.08 — Proxy Voting Prohibited.~~ A member may vote only in person.

~~Section 3.09 — Quorum of Action by Members.~~ A quorum of a meeting of Members shall be twelve (12). The vote of a majority of Members present at a meeting at which a quorum is present is necessary for the adoption of any matter voted on by the Members, unless a greater proportion is required by the Nonprofit Corporation Law of 1972, the Articles of Incorporation of this Corporation, or any provision of these bylaws.

~~Section 3.11 — Transferability of Membership.~~ Membership in this Corporation is nontransferable and nonassignable.

~~Section 3.12 — Termination of Membership.~~ Membership will terminate in this Corporation on either of the following events, and for no other reason: 1) Receipt by the Board of Directors of the written resignation of a Member, executed by such Member or his duly authorized attorney in fact; 2) The death of a member; 3) For cause, inconsistent with membership after notice, trial, and conviction; 4) In the event the Member ceases to be member of the Board of Trustees of The Pennsylvania State University.

## ARTICLE IV

### DIRECTORS

**Section 4.01 Definition of Board of Directors.** The Board of Directors is that group of persons vested with the management of the business and affairs of this Corporation.

~~Section 4.02 — Structure of Board.~~ The Board of Directors of this Corporation will constitute a single class.

**Section 4.0302 Appointment Qualifications of Directors.** The qualifications for becoming and remaining a Director of this Corporation are as follows: 1) Directors must be of full age, need not be residents of the Commonwealth of Pennsylvania and need not be Members of this Corporation. The Board of Trustees of the Member shall annually appoint the members of the Board of Directors.

**Section 4.0403 Number of Directors.** The number of Directors of this Corporation will not be less than seven (7) nor more than eleven (11) as shall be determined from time to time by the Member of this Corporation.~~s of this Corporation.~~

~~**Section 4.05 Election of Directors.** Cumulative voting for the election of Directors is prohibited. The persons receiving the highest number of votes by the Members shall be elected to the Board of Directors.~~

**Section 4.0604 Terms of Directors.** ~~The Directors constituting the first Board of Directors will hold office until the first annual election of Directors in January 1986. Thereafter,~~ Directors will serve until the next annual meeting of the Members and until their successors are duly appointed ~~elected~~ and qualified or until their earlier resignation or removal.

**Section 4.0705 Vacancies on the Board.** Any vacancy occurring in the Board of Directors may ~~will~~ be filled by appointment by the Chairman of the Board or the Member. The new Director appointed to fill the vacancy will serve for the unexpired term of the predecessor in office and until a successor is duly appointed ~~elected~~ and qualified.

**Section 4.0806 Place of Directors' Meetings.** Meetings of the Board of Directors, regular or special, will be held at such place within the Commonwealth of Pennsylvania or elsewhere as a majority of the Directors may from time to time ~~time~~ appoint or as may be designated in the resolution or notice, as applicable.

**Section 4.0907 Regular Directors' Meetings.** A regular meeting of the Board of Directors shall be held ~~annually, annually, immediately following the annual meeting of the Members at the place where such meeting of the Members is held or at such other place, date and hour as a majority of the newly elected Directors~~ on such date and at such set time and place as the Board of Directors may designate. At such meeting, the Board of Directors shall elect officers of the Corporation and transact such other business that may come before the meeting. In addition to such annual regular meeting, the Board of Directors shall have the power to fix by resolution the place, date and hour of other regular meetings of

the Board. ~~If so fixed, This provision of the Bylaws constitutes notice to all Directors of regular meetings for all years and instances, and~~ no further notice shall be required although such notice may be given.

**Section 4.1008 Notice of Special Directors' Meetings.** Written or printed notice stating the place, day, and hour of any special meeting of the Board of Directors shall be given to each Director not less than one (1) day before the date of the meeting, ~~either~~ personally or by ~~first class mail, facsimile, or email,~~ by or at the discretion of the Chairman of the Board, the President, or the Secretary, or the Directors calling the meeting. ~~If mailed, such notice will be deemed to be delivered when deposited in the United States mail by registered or certified mail addressed to the Director at his address as it appears on the records of this Corporation, with postage prepaid.~~ Such notice need not state the business to be transacted at, nor the purpose of, such meeting.

**Section 4.1109 Call of Special Board Meetings.** A special meeting of the Board of Directors may be called by ~~any of the following either:~~ 1) The Chairman of the Board; 2) The President; ~~or~~ 3) A majority of the Board of Directors.

**Section 4.1210 Waiver of Notice.** Attendance of a Director at any meeting of the Board of Directors will constitute a waiver of notice of such meeting except where such Director attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

**Section 4.1311 Quorum of Directors.** A majority of the whole Board of Directors will constitute a quorum. The act of a majority of the Directors present at a meeting at which a quorum is present will be the act of the Board of Directors unless a greater number is required under applicable laws of the Commonwealth of Pennsylvania ~~the provisions of the Nonprofit Corporation Law of 1972,~~ the Articles of Incorporation of this corporation, or any provision of these Bylaws.

**Section 4.1412 Participation in Meetings by Conference Telephone.** Any director may participate in any meeting of the Board of Directors or any committee (provided he is otherwise entitled to participate), be counted for the purpose of determining a quorum thereof and exercise all rights and privileges to which he might be entitled were he personally in attendance, including the right to vote, by

means of conference telephone or other similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

**Section 4.1513 Powers** (a) General Powers – The Board of Directors shall have all the power and authority granted by law to the Board, including all powers necessary or appropriate to the management of the business and affairs of the Corporation.

(b) Specific Powers – Without limiting the general powers conferred by the last preceding clause and the powers conferred by the Articles and these Bylaws of the Corporation, it is hereby expressly declared that the Board of Directors shall have the following powers:

(1) To confer upon any officer or officers of the Corporation the power to choose, remove or suspend assistant officers, agents or servants.

(2) To appoint any person, firm or corporation to accept and hold in trust for the corporation any property belonging to the Corporation or in which it is interested, and to authorize any such person, firm or corporation to execute any documents and perform any duties that may be requisite in relation to any such trust.

(3) To appoint a person or persons to vote shares of another corporation held and owned by the Corporation.

(4) By resolution adopted by a majority of the whole Board of Directors, to designate one or more committees, each committee to consist of two or more of the Directors of the Corporation. To the extent provided in any such resolution and to the extent permitted by law, a committee so designated shall have and may exercise the authority of the Board of Directors in the management of the business and affairs of the Corporation. The Board of Directors may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. If specifically granted this power by the Board in its resolution establishing the committee, in the absence or disqualification of any member and all designated alternates of such committee or committees or if the whole Board of

Directors has failed to designate alternate members, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another Director to act at the meeting in the place of any such absent or disqualified member.

(5) To fix the compensation of Directors and officers for their services.

**Section 4.1614 Removal of Directors by Members.** The entire Board of Directors or any individual Director may be removed from office without assigning any cause by the ~~vote of a majority of the Members of the Corporation~~. In case the Board of Directors or any one or more Director is so removed, new Directors may be ~~appointed~~ elected at the same time.

## ARTICLE V

### OFFICERS

**Section 5.01 Roster of Officers.** The Officers of this Corporation will consist of the following personnel:

- (1) A Chairman of the Board.
- (2) A President
- (3) A Vice President
- (4) A Secretary and an Assistant Secretary
- (5) A Treasurer and an Assistant Treasurer

**Section 5.02 Selection of Officers.** Each of the Officers of this Corporation will be elected and appointed annually by the Board of Directors. Each Officer will remain in office until a successor to such office has been selected and qualified. Such election will take place at the ~~regular annual~~ regular annual meeting of the Board of Directors ~~taking place immediately following the annual meeting of the Members~~.

**Section 5.03 Multiple Officeholders.** In any election of Officers, the Board of Directors may elect and appoint a single person to any two or more offices simultaneously (except that the offices of President, Secretary and Treasurer must be held by separate individuals).

**Section 5.04 Chairman of the Board.** The Chairman of the Board shall preside at the meetings of the Board of Directors and shall perform such other duties as may be provided in these Bylaws or as may be prescribed from time to time by the Board of Directors.

**Section 5.05 President.** The President will be the Chief Executive Officer of this Corporation and will, subject to the control of the Board of Directors or Directoral Committees, supervise and control the affairs of the Corporation. The President will perform all duties incident to such office and such other duties as may be provided in these Bylaws or as may be prescribed from time to time by the Board of Directors.

**Section 5.06 Vice President.** The Vice President will perform all duties and exercise all powers of the President when the President is absent or is otherwise unable to act. The Vice President will perform such other duties as may be prescribed from time to time by the Board of Directors.

**Section 5.07 Secretary.** The Secretary will keep minutes of all meetings of the Members and of the Board of Directors, will be the custodian of the corporate records, will give all notices as are required by law or by these Bylaws, and, generally, will perform all duties incident to the office of Secretary and other such duties as may be required by law, by the Articles of Incorporation, or by these Bylaws, or which may be assigned from time to time by the Board of Directors.

**Section 5.08 Treasurer.** The Treasurer will have charge and custody of all funds and securities of this Corporation, will deposit the funds and securities in such banks or depositories as required by the Board of Directors, will sign checks made by this Corporation, will keep and maintain adequate and correct accounts of the Corporation's properties and business transactions, will render reports and accountings to the Directors and to the Members as required by the Board of Directors or the Members or by law, and will perform in general all duties incident to the office of Treasurer and such other duties as may be required by law, by the Articles of Incorporation, or by these Bylaws, or which may be assigned from time to time by the Board of Directors. He shall give such bond, if any, for the faithful performance of his duties as shall be required by the Board of Directors and any such bond shall be in the custody of the Secretary.



**Section 5.09 Removal of Officers.** Any Officer ~~elected or~~ appointed to office shall serve at the pleasure of the Board of Directors and may be removed by the Board whenever in their judgment the best interests of this Corporation will be served. However, such removal will be without prejudice to any contract rights of the Officer so removed.

**Section 5.10 Delegation of Office.** The Board may delegate the powers or duties of any Officer of the Corporation to any other person from time to time.

## ARTICLE VI

### INFORMAL ACTION

**Section 6.01 ~~Waiver of Notice.~~** ~~Whenever any notice whatever is required to be given under the provisions of applicable law of the Commonwealth of Pennsylvania the Nonprofit Corporation Law of 1972, the Articles of Incorporation of this Corporation, or these Bylaws, a waiver of such notice in writing signed by the person or persons entitled to notice, whether before or after the time stated in such waiver, will be deemed equivalent to the giving of such notice. Such waiver must, in the case of a special meeting of Members, specify the general nature of the business to be transacted.~~

**~~Section 6.02 — Action by Consent.~~** Any action required by law or under the Articles of Incorporation of this Corporation or these Bylaws, or any action which otherwise may be taken at a meeting of ~~either~~ the Members or Board of Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the persons entitled to vote with respect to the subject matter of such consent, or all Directors in office, and filed with the Secretary of the Corporation. Such written consent may be executed in one or more counterparts, all of which together shall be one and the same instrument.

## ARTICLE VII

### OPERATIONS

**Section 7.01 Fiscal Year.** The fiscal year of this corporation shall be from July 1 through June 30.

**Section 7.02 Execution of Documents.** Except as otherwise provided by law, checks, drafts, promissory notes, orders for the payment of money, and other evidences of indebtedness of this Corporation will be signed by the Treasurer. Contracts, leases, or other instruments executed in the name of and on behalf of the Corporation will be signed by the President, ~~or~~ the Vice President, ~~or~~ the Treasurer or Assistant Treasurer ~~and attested by the Secretary or Assistant Secretary.~~

**Section 7.03 Books and Records.** This Corporation will keep correct and complete books and records of account, and will also keep minutes of the proceedings of ~~the its~~ Members, ~~the~~ Board of Directors, and ~~any~~ Directoral Committees. The Corporation will keep at its principal place of business ~~a membership register giving the names, addresses, and other details of the membership of each, and the~~ original or a copy of its Bylaws including amendments to date certified by the Secretary of the Corporation.

~~**Section 7.04 Inspection of Books and Records.** All books and records of this Corporation may be inspected by any Member, or his agent or attorney, for any proper purpose at any reasonable time on written demand under oath stating such purpose.~~

**Section 7.045 Nonprofit Operations.** This Corporation will not have or issue shares of stocks. No dividend will be paid, and no part of the income of this Corporation will be distributed to ~~its~~ ~~the~~ Members, Directors, or Officers. However, the Corporation may pay compensation in a reasonable amount to ~~Members,~~ Officers, or Directors for services rendered.

**Section 7.056 Loans to Management.** This Corporation will make no loans to any of its Directors or Officers or to any of its key management or other personnel.

## ARTICLE VIII

### INDEMNIFICATION OF DIRECTORS AND OFFICERS AND OTHER PERSONS

**Section 8.01 Indemnification.** The Corporation shall indemnify any Director or Officer of the Corporation against expenses (including legal fees), judgments, fines and amounts paid in settlement, actually and reasonably incurred by him to the fullest extent now or hereafter permitted by law in connection with any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative, brought or threatened to be brought against him, including actions or suits by or in the right of the Corporation, by reason of the fact that he is or was a Director or Officer of the Corporation, its parent or any of its subsidiaries, or acted as a Director or Officer or in any other capacity on behalf of the corporation, its parent or any of its subsidiaries or is or was serving at the request of the Corporation as a Director, Officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise.

The Board of Directors by resolution may similarly indemnify any person other than a Director or Officer of the Corporation to the fullest extent now or hereafter permitted by law for liabilities incurred by him in connection with services rendered by him for or at the request of the Corporation, its parent or any of its subsidiaries.

The provisions of this section shall be applicable to all actions, suits or proceedings commenced after its adoption, whether such arise out of acts or omissions which occurred prior or subsequent to such adoption and shall continue as to a person who has ceased to be a Director or Officer or to render services for or at the request of the Corporation and shall insure to the benefit of the heirs, executors and administrators of such a person. The rights of indemnification provided for herein shall not be deemed the exclusive rights to which any Director, Officer, employee or agent of the Corporation may be entitled.

**Section 8.02 Advances.** The Corporation may pay the expenses incurred by any person entitled to be indemnified by the Corporation in defending a civil or criminal action, suit or proceeding in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking, by or on behalf of such person, to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized by law.

**Section 8.03 Insurance.** The Corporation may purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee or agent of the Corporation or who is or was serving in any capacity in any other corporation or organization at the request of the Corporation against any liability asserted against him or incurred by him in any such capacity or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under law.

## ARTICLE IX

### INTERPRETATION OF BYLAWS

**Section 9.01** All words, terms and provisions of these Bylaws shall be interpreted and defined by and in accordance with applicable laws of the Commonwealth of Pennsylvania as in effect ~~the Pennsylvania Nonprofit Corporation Law of 1972, as amended, and as amended~~ from time to time ~~thereafter~~.

## ARTICLE X

### AMENDMENT

**Section 10.1 Modification of Bylaws.** The power to alter, amend, or repeal these Bylaws, or to adopt new Bylaws, insofar as is allowed by law, is vested in the Board of Directors.

Adopted: \_\_\_\_\_, 2016

**Remarks from Trustee Anthony P. Lubrano**  
**Meeting of the Penn State Board of Trustees, University Park, PA**  
**May 6, 2016**

“Chair Masser and Fellow Trustees:

“In a ruling in the PMA litigation yesterday the trial court judge referenced unproven allegations dating back to 1976 involving this University. My fiduciary duty to this institution does not allow me to sit and **DO NOTHING** while the University adheres to the same fundamentally flawed strategy involving expensive litigation. For the truth to have any chance to prevail, for this troubled University to move forward, we must have transparency surrounding this and other allegations.

“The harm visited upon this University by random and out of context allegations is incalculable. The secrecy and confidentiality that the University sometimes demands only feeds suspicion and innuendo. As a fiduciary, I am troubled that this Board of Trustees appears to be once again unprepared.

“So I am asking-- no I am pleading-- with you Chair Masser to direct University counsel to release all the details related to this stale and highly suspect allegation so that all stakeholders, but most importantly, we the Trustees of this University, can evaluate and understand the context surrounding this claim.

“We must correct course NOW!

“Mr. Chair, I am very confident that once you demand the release of the information, we will all see this allegation for what it is-- an uncorroborated, baseless claim lacking in veracity.

“Thank you Mr. Chair.”

**Remarks from Trustee Albert L. Lord**  
**Meeting of the Penn State Board of Trustees, University Park, PA**  
**May 6, 2016**

Trustee Lord read the following letter addressed to the Board on behalf of Sue Paterno:

830 McKee Street  
State College, PA, 16803  
May 6th, 2016

“Dear Mr. Chairman Masser, President Barron and Members of the Board of Trustees

“As we learned yesterday, the dark cloud of the Jerry Sandusky tragedy continues to hang over this institution. With one line in a court filing a tidal wave of media coverage has been unleashed that once again claims there is definitive evidence that Joe Paterno and others participated in a decades long cover up. I am deeply saddened by this latest allegation because it follows exactly the pattern of four years ago. We have also been notified by a media outlet of another decades old allegation of abuse and cover-up. We told them that any such allegation is in total conflict with all the facts we know.

“I write to you today because I know we are all better than this. We cannot allow this situation to be ruled by allegations and speculation. The seriousness of this matter demands that we all insist on facts and due process. My family and I have no knowledge of the allegation released yesterday. No party has shared any information with us. And yet, it is now taken by many as a confirmed fact.

“From the first day, Joe and I have called for the full record to be made public. I do not fear the facts and I know that everyone will be better served if the complete story is made available for all to review.

“My family, Penn State, the victims and everyone who hopes to prevent future Jerry Sanduskys have to come together to demand a more transparent and complete process for reviewing allegations. To deny this right is to guarantee that the full truth will never be known. I call on the Board of Trustees to open Penn State's records. Lift your objections to transparency. Give everyone a chance to see the truth about what you know. I'm confident there is a way to do this while still protecting the rights of the victims.

“I also call on the NCAA to do the same. And anyone else who has information critical to this matter. It is time to end this endless process of character assassination by accusation. In the spirit of our love for Penn State and our duty to the victims, let's stop fighting about process and start fighting for the truth.”

Sincerely,

Sue Paterno