

**THE PENNSYLVANIA STATE UNIVERSITY
BOARD OF TRUSTEES**

**COMMITTEE ON FINANCE, BUSINESS AND CAPITAL PLANNING
MINUTES OF MEETING
VOLUME FBCP 20**

May 3, 2018

A meeting of the Committee on Finance, Business & Capital Planning was held in President's Hall IV of the Penn Stater Conference Center Hotel in State College, Pennsylvania, beginning at 8:30 a.m.

The following committee members, constituting a quorum, were present: Don Cotner, Valerie Detwiler, Barbara Doran, Robert Fenza, Abe Harpster, Alex Hartzler, and Mary Lee Schneider.

Ex-Officio member Mark Dambly, Faculty Representative Matthew Woessner, Student Representative Cody Heaton, and the following administration members were also present: Eric Barron, Mary Beahm, Madeline Cantu, Joseph Doncsecz, Steve Dunham, Jennifer Eck, David Gray, Frank Guadagnino, Craig Hillemeier, Nicholas Jones, Kurt Kissinger, Zack Moore, Mary Lou Ortiz, Bill Sitzabee, Crystal Straw, and Eric Strucko.

The meeting was called to order by Chairman Robert Fenza. Chairman Fenza advised the Committee that actions and recommendations by the Committee would be reported to the full Board of Trustees for their consideration at the May 4, 2018 meeting.

The Committee unanimously approved the minutes of the February 22, 2018 meeting of the Committee.

The Committee unanimously approved the following resolution for the Consideration of Proposed Interim Maintenance and Operating Budget for the University for the Fiscal Year Beginning July 1, 2018:

RESOLVED, That pending adoption of a new budget to reflect clarification of the amount and form of the State appropriation, and subsequent decisions regarding the amount of tuition charges, adjustments to salaries, wages, and employee benefits, and provisions for fuel and utilities and other cost increases, the Board of Trustees approves continuation for the interim period beginning July 1, 2018, total budget amounts at the level of the adjusted 2017-18 budget as follows:

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

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

The Committee unanimously approved the following resolutions for the Proposed Implementation Partner and Project Budget for IBIS Replacement:

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

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

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

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

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

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

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

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

The Committee unanimously approved the following resolutions for the Proposed Appointment of an Architect, Seventh Floor South Addition Renovations, Penn State Health Milton S. Hershey Medical Center:

RESOLVED, That the Officers of the University are authorized to employ FLAD Architects of Madison, Wisconsin, to design the Seventh Floor South Addition Renovations at Penn State Health Milton S. Hershey Medical Center.

FURTHER BE IT RESOLVED, Final plans for the project will be brought to the Board of Trustees for approval when designed and costs have been established.

The Committee unanimously approved the following resolutions for the Proposed Final Plan Approval and Authorization to Expend Funds, Emergency Department Expansion Second and Third Floor Fit Out, Penn State Health Milton S. Hershey Medical Center:

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

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

The Committee unanimously approved the following resolutions for the Proposed Sale of Mechanicsburg Clinic, Silver Spring Township:

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

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

The Committee unanimously approved the following resolutions for the Proposed Assignment of a Purchase Option to Penn State Health, Derry Township:

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

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

The Committee unanimously approved the following resolutions for the Conflict of Interest – Proposed Approval of Purchasing Contracts with Forsheys Ag & Industrial/Golden Rule Equipment LLC: Note: Trustee Detwiler was not in attendance for the review and vote on this item.

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

WHEREAS, the responsible official issued a request for qualifications (RFQ) for each of the above described pieces of equipment on behalf of the College of Agricultural Sciences in accordance with University procurement policies and explored various alternatives, taking into consideration price, availability, specifications and timeliness of delivery; and

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

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

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

The Committee unanimously approved the Proposed Recommended Adoption of FBCP Operating Guidelines.

Informational reports on the following items were presented by those noted below.

- Report on Status of Commonwealth Appropriation Request (Zack Moore)
- Discussion on ICA Oversight (Rob Fenza)

The Committee on Finance, Business & Capital Planning meeting was adjourned at 9:35 a.m.

The Committee then went into executive session to discuss privileged matters.

Respectfully submitted,

Crystal K. Straw
Assistant Secretary
Board of Trustees