

**THE PENNSYLVANIA STATE UNIVERSITY
BOARD OF TRUSTEES**

**COMMITTEE ON FINANCE, BUSINESS AND CAPITAL PLANNING
MINUTES OF MEETING
VOLUME FBCP 11**

September 15, 2016

A meeting of the Committee on Finance, Business & Capital Planning was held in Room 206 of the Penn Stater Conference Center Hotel in State College, Pennsylvania, beginning at 10:00 a.m.

The following committee members, constituting a quorum, were present: Clifford Benson, Mark Dambly, Robert Fenza, Albert Lord, Daniel Mead, William Oldsey, and Mary Lee Schneider.

Student Representative Terry Ford, Faculty Representative James Strauss, and the following administration members were also present: Eric Barron, Susan Basso, Lisa Berkey, Madeline Cantu, Joseph Doncsecz, Jennifer Eck, David Gray, Donna Newburg, Rachel Smith, Ford Stryker, and Eric Strucko.

The meeting was called to order by Chairman Daniel Mead. Mr. Mead advised the Committee that actions and recommendations by the Committee would be reported to the full Board of Trustees for their consideration at the September 16, 2016 meeting.

The Committee unanimously approved the minutes of the July 21, 2016 meeting of the Committee.

The Committee reviewed the following consent agenda items and unanimously approved the two action items: Summary of Revised Funds and Summary and Acknowledgment of New Funds and Major Commitments.

Information Items –

- a) Naming of Rooms, Portions of Buildings, and Plazas
- b) Status of Major Construction Programs and Borrowing
- c) Capital Budget Request
- d) Summary and Designation of Gifts Received

Action Items –

- e) Summary of Revised Funds
- f) Summary and Acknowledgement of New Funds and Major Commitments

(See Appendix II)

The Committee unanimously approved the following resolution for the Appointment of Non-University Employees to the Penn State Investment Council:

In September 2000, Penn State's Board of Trustees established the Penn State Investment Council to provide direct oversight of the University's endowment and long-term investment program. The Penn State

Investment Council, appointed by the Board of Trustees, includes the: Senior Vice President for Finance and Business/Treasurer of the University (Chair); Chief Executive Officer, Office of Investment Management; and five to nine non-University members (at least one of whom is a voting or emeriti member of the Board of Trustees). The terms are staggered as follows:

2016

Carmen J. Gigliotti, Managing Director (Retired), Private Equities, DuPont Capital Management (Wilmington, DE)

Colleen Ostrowski, Senior Vice President and Treasurer, Mylan (New York, NY)

2017

Gary A. Glynn, President and Chief Investment Officer (Retired), U.S. Steel & Carnegie Pension Fund

J. David Rogers, Chief Executive Officer, JD Capital Management (Greenwich, CT)

2018

Blake Gall, President, MicroPlusPlus Investment Management (Boalsburg, PA)

Edward R. Hintz, Jr., President, Hintz Capital Management, Inc. (Morristown, NJ)

Joseph B. Markovich, Managing Director, J.P. Morgan Private Bank (New York, NY)

It is proposed to re-appoint Carmen J. Gigliotti and Colleen Ostrowski, non-University Employees, to membership with terms expiring in 2019.

Will the Board of Trustees adopt the following resolution:

RESOLVED, That Carmen J. Gigliotti and Colleen Ostrowski, non-University employees, are appointed to the Penn State Investment Council for terms ending in 2019.

The proposed consideration of Request for 2017-2018 Appropriation for Operations was presented by Rachel Smith. The Committee unanimously approved the following resolution:

RESOLVED, That the Officers of the University are authorized to submit to the Legislature, appropriate departments, and offices of the Commonwealth of Pennsylvania, a State Appropriation Request for fiscal year 2017-2018 in the amount of \$350,452,000.

The proposed Final Plan Approval and Authorization to Expend Funds for the Chemical and Biomedical Engineering Building at University Park was presented by Ford Stryker. The Committee unanimously approved the following resolution:

RESOLVED, That the final plans for the Chemical and Biomedical Engineering Building at University Park, as

designed by the firm of HOK of New York, New York, are approved.

FURTHER BE IT RESOLVED, That authorization to expend funds and award contracts to accomplish the project be approved at a cost of \$144,000,000.

The Committee unanimously approved the following resolution for the Proposed Final Plan Approval and Authorization to Expend Funds, for Research Building West HVAC Renovations at University Park:

RESOLVED, That the final plans for Research Building West HVAC Renovations at University Park, as designed by The Efficiency Network of Pittsburgh, Pennsylvania, are approved.

FURTHER BE IT RESOLVED, That authorization to expend funds and award contracts to accomplish the project be approved at a cost of \$7,800,000.

The Committee unanimously approved the following resolutions for Proposed Final Plan Approval and Authorization to Expend Funds for the Tower Road Data Center White Space Buildout at University Park:

RESOLVED, That the plans to add approximately 1.1 megawatt of computing power at Tower Road Data Center at University Park, as designed by IDC Architects of Pittsburgh, Pennsylvania, are approved.

FURTHER BE IT RESOLVED, That authorization to expend funds and award contracts to accomplish the project be approved at a cost of \$8,500,000.

The Committee unanimously approved the following resolutions for Proposed Final Plan Approval and Authorization to Expend Funds for the Combined Heat and Power Plant at the Milton S. Hershey Medical Center:

RESOLVED, That the plans to add a combined heat and power plant at The Milton S. Hershey Medical Center, as designed by CoGen Power Technologies of Latham, New York, are approved.

FURTHER BE IT RESOLVED, That authorization to expend funds and award contracts to accomplish the project be approved at a cost of \$22,500,000.

The Committee unanimously approved the following resolutions for the Lease and Fit Out for Shared Services Center at 331 Innovation Park:

RESOLVED, That the Board of Trustees approves the University entering into a lease with GLP 331 IP LLP

for the first and second floors of the 331 Building at Innovation Park at a capitalized cost of \$12,000,000.

FURTHER BE IT RESOLVED, That the University is authorized to fit out the space for a cost of \$8,900,000 which includes a tenant improvement allowance of \$2,000,000 for a net fit out cost of \$6,900,000.

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

The Review of the Long Term Investment Pool as of June 30, 2016 was not given during the Committee meeting since it will be presented at the full board meeting on September 16, 2016.

An informational report on Operational Risk for Financial Funding Risks from External Sources was presented by Eric Strucko and Anna Griswold. Due to time constraints, the additional presentations scheduled to be given by Neil Sharkey and Zack Moore were postponed to the November meeting of the Committee on Finance, Business and Capital Planning.

An informational report on Operational Risk for the Athletics Financial Model was given by Sandy Barbour.

The Committee on Finance, Business & Capital Planning meeting was adjourned at 11:35 a.m.

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

Respectfully submitted,

Donna J. Newburg
Assistant Secretary
Board of Trustees