

GOVERNANCE PROPOSALS: PRINCIPAL TERMS (September 2014)

Current Status	Proposal A	Proposal B	Proposal C	Proposal D	Proposal E
<b>I. Board Size</b>					
<b>30 Voting</b> <u>2</u> Non-Voting <b>32 Total</b>	<b>27 Voting</b> <u>5</u> Non-Voting <b>32 Total*</b> *after end of transition period described below	<b>27 Voting</b> <u>1</u> Non-Voting <b>28 Total</b>	<b>27 Voting</b> <u>2</u> Non-Voting <b>29 Total</b>	<b>31 Voting</b> <u>5</u> Non-Voting <b>36 Total*</b> *after end of transition period described below	<b>30 Voting</b> <u>5</u> Non-Voting <b>35 Total</b>
<b>II. Composition</b>					
<b>5 Ex Officio</b> 3 Ex Officio Voting: Secys of: Agriculture Education Conservation & Natural Resources  2 Ex Officio Non-Voting: Governor President	<b>5 Ex Officio</b> 0 Ex Officio Voting      5 Ex Officio Non-Voting: Secys of: Agriculture Education Conservation & Natural Resources  Governor President	<b>1 Ex Officio</b> 0 Ex Officio Voting (Secys of Agriculture, Education and Conservation & Natural Resources no longer on Board in any capacity)  1 Ex Officio Non-Voting: President  (Governor no longer on Board in any capacity)	<b>2 Ex Officio</b> 0 Ex Officio Voting (Secys of Agriculture and Conservation & Natural Resources no longer on Board in any capacity)  2 Ex Officio Non-Voting: Secy of Education President  (Governor no longer on Board in any capacity)	<b>5 Ex Officio</b> 0 Ex Officio Voting      5 Ex Officio Non-Voting: Secys of: Agriculture Education Conservation & Natural Resources  Governor President	<b>5 Ex Officio</b> 0 Ex Officio Voting      5 Ex Officio Non-Voting: Secys of: Agriculture Education Conservation & Natural Resources  Governor President

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<b>6</b> Gubernatorial Trustees* (nominated by the Governor) *includes one student	<b>6</b> Gubernatorial Trustees At least 3 of the 6 must be alumni	<b>6</b> Gubernatorial Trustees Codify the requirement that one of the Gubernatorial Trustees be a student	<b>4</b> Gubernatorial Trustees	<b>6</b> Gubernatorial Trustees At least 3 of the 6 must be alumni	<b>5</b> Gubernatorial Trustees (1 student trustee formerly nominated by the Governor, now elected directly by students)
<b>6</b> Business and Industry Trustees (nominated by B & I Selection Group; elected by Board)	<b>6</b> B & I Trustees At least 3 of the 6 must be alumni	<b>6</b> B& I Trustees (no change)	<i>0 B &amp; I Trustees</i>	<b>6</b> B & I Trustees At least 3 of the 6 must be alumni	<b>6</b> B& I Trustees (no change)
<b>6</b> Ag Trustees (elected by agricultural org. delegates)	<b>6</b> Ag Trustees At least 3 of the 6 must be alumni	<b>6</b> Ag Trustees (elected by alumni of the Penn State College of Agricultural Sciences)	<i>0 Ag Trustees</i>	<b>6</b> Ag Trustees At least 3 of the 6 must be alumni	<b>6</b> Ag Trustees (no change)
<b>9</b> Alumni-Elected Trustees	<b>6</b> Alumni-Elected Trustees	<b>9</b> Alumni-Elected Trustees (no change)	<b>9</b> Alumni-Elected Trustees (no change)	<b>8</b> Alumni-Elected Trustees	<b>12</b> Alumni-Elected Trustees
<i>0 Alumni Association (PSAA) Trustees</i>	<b>1</b> PSAA Trustee: The immediate past president of the Alumni Association	<i>0 PSAA Trustees (but see below re presentations by the PSAA at each Board meeting)</i>	<i>0 (PSAA) Trustees (no change)</i>	<b>1</b> PSAA Trustee: The immediate past president of the Alumni Association	<i>0 PSAA Trustees (but see below re presentations by the PSAA at each Board meeting)</i>

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<i>0 Student Trustees (as of right)(currently 1 student is nominated by Governor as a Gubernatorial Trustee)</i>	<b>1 Student Trustee:</b> Elected by the Board after nomination by the Student Trustee Selection Group and recommendation by the Governance Committee	<i>0 Student Trustees (as of right) (but see above re the codification of student nominees by the Governor)</i>	<b>1 Student Trustee:</b> Elected by the Board after nomination by the Student Trustee Selection Group	<b>1 Student Trustee:</b> Elected by the Board after nomination by the Student Trustee Selection Group and recommendation by the Governance Committee	<b>1 Student Trustee:</b> Elected by the Board after nomination by the Student Trustee Selection Group
<i>0 Academic Trustees</i>	<b>1 Academic Trustee:</b> Elected by the Board after nomination by the Faculty Senate and recommendation by the Governance Committee	No change	<b>1 Academic Trustee:</b> Tenured Professor elected by the Faculty Senate	<b>1 Academic Trustee:</b> Elected by the Board after nomination by the Faculty Senate and recommendation by the Governance Committee	No change
N/A	N/A	N/A	<b>12 At-Large Trustees:</b> Appointed by Board	<b>2 At-Large Trustees:</b> Elected by Board after nomination by the Selection Group	N/A
<b>III. Term</b>					
Trustees have a <b>3-year</b> term except <i>Ex Officio</i> Trustees  Gubernatorial Trustees term is <b>3</b> years or until a successor is appointed	Trustees have a <b>3-year</b> term except <i>Ex Officio</i> Trustees, and:  Student Trustee and PSAA Trustee would have <b>2-</b> year terms	No change	Trustees have a <b>3-year</b> term except <i>Ex Officio</i> Trustees, and:  Student would have a <b>2-</b> year term	Trustees have a <b>3-year</b> term except <i>Ex Officio</i> Trustees, and:  Student Trustee and PSAA Trustee would have <b>2-</b> year terms	No change

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<b>IV. Transition Period</b>					
N/A	<p>The PSAA Trustee would not take office until July 1, 2016</p> <p>Only two Alumni-Elected Trustees would be elected in the May 2015, 2016 and 2017 elections, so that the number of Alumni-Elected Trustees would remain at <b>9</b> members until June 30, 2015, then reduce to <b>8</b> for the year ending June 30, 2016, <b>7</b> for the year ending June 30, 2017 and <b>6</b> for the year ending June 30, 2018, and thereafter</p>	TBD	TBD	Commencing with the July 1, 2015 fiscal year	TBD
<b>V. Other Trustee Qualifications</b>					
N/A	At least half of the Gubernatorial Trustees, B&I Trustees and Ag Trustees shall be alumni of the University	No change	No change	At least half of the Gubernatorial Trustees, B&I Trustees and Ag Trustees shall be alumni of the University	At least half of the Gubernatorial Trustees, B&I Trustees and Ag Trustees shall be alumni of the University
N/A	The Student Trustee must be a full-time undergraduate, graduate or professional student in good academic standing	No change	The Student Trustee must be a full-time undergraduate, graduate or professional student in good academic standing	The Student Trustee must be a full-time undergraduate, graduate or professional student in good academic standing	No change

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	and in a degree seeking program at the University. (The Student Trustee’s term would immediately end with no further action of the Board required in the event that the Student Trustee no longer met such qualification)		and in a degree seeking program at the University.	and in a degree seeking program at the University. (The Student Trustee’s term would immediately end with no further action of the Board required in the event that the Student Trustee no longer met such qualification)	
<b>VI. Selection Methods</b>					
Ag Trustees are elected by Agricultural Societies or Associations of the Commonwealth that were in existence at least 3 months before the election and notified the University at least 60 days before the election of their participation. Each society is invited to send up to 3 delegates. “Societies shall endeavor to select delegates that reside in the county they represent.” Each delegate must have appropriate credentials provided by the societies and no proxies are permitted	The Ag Trustee election process would be revised as follows: <ul style="list-style-type: none"> <li>• Ag Organizations are ineligible to vote unless there are at least 15 members in good standing and have been in existence for 12 months before election</li> <li>• Ag Organizations with more than 15 members in multiple counties can send up to 3 delegates from each county (maximum of 9 total)</li> <li>• each delegate must be a member in good standing of the</li> </ul>	Ag Trustees would be elected by the Penn State College of Ag Sciences alumni  Only graduates of Penn State will be eligible to serve as Ag Trustees	N/A	The Ag Trustee election process would be revised as follows: <ul style="list-style-type: none"> <li>• Ag Organizations are ineligible to vote unless there are at least 15 members in good standing and have been in existence for 12 months before election</li> <li>• Ag Organizations with more than 15 members in multiple counties can send up to 3 delegates from each county (maximum of 9 total)</li> <li>• each delegate must be a member in good standing of the</li> </ul>	No change except for some tightening of oversight

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	<p>organization and resident of the county represented</p> <ul style="list-style-type: none"> <li>• each voter must vote for two nominated candidates</li> <li>• enhanced policies and procedures designed to verify the authorization of delegates to vote</li> </ul>			<p>organization and resident of the county represented</p> <ul style="list-style-type: none"> <li>• each voter must vote for two nominated candidates</li> <li>• enhanced policies and procedures designed to verify the authorization of delegates to vote</li> </ul>	
<p>B &amp; I Trustees are selected by a selection group composed of <b>5</b> members: <b>3</b> B &amp; I Trustees not up for re-election and <b>2</b> from among the Ag, Alumni-Elected and Gubernatorial Trustees. Members of the selection group are appointed annually by the Chair</p>	<p>Changes to be made to the B&amp;I Trustee process to provide the full Board with an opportunity to nominate candidates and to revise the process for identifying candidates</p>	<p>A <b>5</b>-member selection committee would be formed to select B&amp;I Trustees, made up of the Board Chairman as well as <b>1</b> representative from each of the Ag, B &amp; I, Alumni-Elected, and Gubernatorial Trustees</p>	<p>N/A</p>	<p>Changes to be made to the B&amp;I Trustee process to provide the full Board with an opportunity to nominate candidates and to revise the process for identifying candidates.</p>	<p>A <b>5</b>-member selection committee would be formed to select B&amp;I Trustees, made up of the Board Chairman as well as <b>1</b> representative from each of the Ag, B &amp; I, Alumni-Elected, and Gubernatorial Trustees</p>
<p>Alumni-Elected Trustees currently require 50 signatures for nomination by electors to be considered for election</p>	<p>In the Alumni-Elected Trustee election, the number of nominations needed to be placed on the ballot would be increased from 50 to 250</p>	<p>No change</p>	<p>No change</p>	<p>In the Alumni-Elected Trustee election, the number of nominations needed to be placed on the ballot would be increased from 50 to 250</p>	<p>In the Alumni-Elected Trustee election, the number of nominations needed to be placed on the ballot would be increased from 50 to 100</p>

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N/A	<p>As outlined above, new processes for the nomination and election of the:</p> <ul style="list-style-type: none"> <li>Student Trustee</li> <li>Academic Trustee</li> <li>PSAA Trustee</li> </ul>	N/A	<p>A 5 to 7-member subcommittee of the Governance and Long-Range Planning Committee (the “Nominating Subcommittee”) would be formed to recommend the Board-Appointed Trustees for Board appointment; the Nominating Subcommittee would be made up of the Board Chairman with the remainder to be as balanced as possible among the Board-Appointed Trustees, Gubernatorial Trustees and Alumni-Elected Trustees along with 1-2 tenured faculty/deans</p> <p>Vetting based on needs (core competency) to be determined by the Nominating Subcommittee after consultation with chairs of standing committees, and approved by the board. The full list of nominees with CV is given to the board for their input</p>	<p>As outlined above, new processes for the nomination and election of the:</p> <ul style="list-style-type: none"> <li>Student Trustee</li> <li>Academic Trustee</li> <li>PSAA Trustee</li> <li>At-Large Trustees</li> </ul>	<p>As outlined above, new processes for the nomination and election of the:</p> <ul style="list-style-type: none"> <li>Student Trustee</li> </ul>

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<b>VII. Committee Leadership, Membership, Structure &amp; Powers</b>					
Members, chairpersons and vice-chairpersons of standing committees selected by the Chair of the Board of Trustees	No change	Members, chairpersons and vice-chairpersons of standing committees selected by the Governance Committee with recommendations by the Board Chair. Committee membership and leadership must be ratified by the full Board	Members, chairpersons and vice-chairpersons of standing committees to be recommended by the Nominating Subcommittee (including filling any vacancies). Committee membership and leadership must be ratified by the full Board	No change	Members, chairpersons and vice-chairpersons of standing committees and sub-committees selected by the Governance Committee with recommendations by the Board Chair. Committee membership and leadership must be ratified by the full Board
Emeritus Trustees may serve on Committees if asked by the Chairman	No change	Remove Emeritus Trustees from committee service	No change	No change	No change
Chair of the Board, and in his/her absence, the Vice Chair of the Board serve as <i>ex officio</i> members of all standing committees, special committees, and subcommittees	No change	No change	No change	Chair of the Board and the Vice Chair of the Board serve as <i>ex officio</i> members of all standing committees, special committees, and subcommittees	No change
Executive Committee shall have 13 members	Executive Committee may have up to 13 members, at the Chairman’s discretion	No change	No change	Executive Committee may have up to 13 members, at the Chairman’s discretion	No change
N/A	Subcommittee on risk (of the committee on audit and risk) created	N/A	Subcommittee on investments (of the committee on finance	Subcommittee on risk (of the committee on audit and risk) created	N/A



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	Composed of up to 5 members, at least 2 of whom are members of the committee on audit and risk. Responsible for reviewing matters pertaining to the identification and management of risks		business and capital planning) created	Composed of up to 5 members, at least 2 of whom are members of the committee on audit and risk. Responsible for reviewing matters pertaining to the identification and management of risks	
Committees and subcommittees may include non-voting members that are not Trustees of the University	No change	No change	Voting Trustees shall constitute a majority of the membership of each standing committee	No change	N/A
<b>VIII. Other</b>					
Board has the ability to make changes to board composition	Charter modified to include language expressly providing Board is empowered to make and alter rules for the election of members	No change	No change	Charter modified to include language expressly providing Board is empowered to make and alter rules for the election of members	No change

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N/A	“3x3x3” meetings each semester as recommended in Faculty Senate Report <sup>1</sup>	“3x3x3” meetings each semester as recommended in Faculty Senate Report	“3x3x3” meetings each semester as recommended in Faculty Senate Report	“3x3x3” meetings each semester as recommended in Faculty Senate Report	“3x3x3” meetings each semester as recommended in Faculty Senate Report
N/A	No change	No change	Each Dean of a Penn State college will have the ability to nominate up to two candidates from their respective disciplines for consideration by the Nominating Subcommittee for Board-Appointed Trustees. Members of the Board can also nominate candidates for consideration. Candidates need not be Penn State alumni	No change	No change
Board may invite PSAA to make presentations at its discretion	No change	Presentations by the PSAA at each Board meeting	No change	No change	Presentations by the PSAA at each Outreach Committee meeting and each Board meeting
N/A	No change	Create an Emeritus Advisory Council to advise Chairman of the	Create an Emeritus Advisory Council to advise Chairman of the	No change	Create an Emeritus Advisory Council to advise Chairman of the

<sup>1</sup> The Faculty Senate Report discussed the adoption of “three-by-three-by-three” meetings each semester among the leadership and executive staff of the Board, the Faculty, and the University. For example, at the University of Minnesota, this 3x3x3 structure consists of: (1) the Board Chair, Vice-Chair, and Executive Director, (2) The Chair of the Faculty Senate’s Faculty Consultative Committee (the “FCC”), the FCC’s Vice-Chair and Secretary to the Faculty, and (3) the President, Provost, and President’s Chief of Staff. These meetings would facilitate communications among the various groups responsible for efficient university governance.

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		Board and/or the Board at the Chairman or the Board’s request	Board and/or the Board at the Chairman or the Board’s request		Board and/or the Board at the Chairman or the Board’s request
Trustees that have served more than 20 years are automatically provided with emeritus status	No change	No change	Only Trustees who have exhibited distinguished service will be provided with emeritus status; Nominating Subcommittee will recommend to the Board those former trustees who should be awarded emeritus status	No change	Only Trustees who have exhibited distinguished service will be provided with emeritus status; Selection Subcommittee will recommend to the Board those former trustees who should be awarded emeritus status
N/A	N/A	N/A	Board approval required for any expenditure of more than \$5 million (needs discussion as to actual number) that was not included in the budget or that is reasonably expected to engender large and ongoing expenses of more than \$5 million not already addressed in the budget	N/A	N/A
N/A	N/A	N/A	Full Board approval required for any action that might have a significant impact on the University of a financial or reputational nature	N/A	Full Board approval required for any action that might have a significant impact on the University of a financial or reputational nature

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Conflict of interest policy requires disclosure related to spouse and children	No change	No change	Conflict of interest policy requires disclosure related to all immediate family members and the policy provides that in any public disclosure of conflicts of interest the disclosure will be made on an individualized basis	No change	No change
“Family members” is defined as spouse and children	No change	No change	“Immediate family members” is defined to include a person’s spouse, parents, children, siblings, mother and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person’s home	No change	No change
Trustee can become an employee of the University within 5 years of departure from Board service if approved by the Board	No change	No change	Trustee cannot become an employee of the University within 5 years of departure from Board service	No change	Trustee cannot become an employee of the University within 5 years of departure from Board service
Term limits of 12 years, effective July 1, 2013. Term limit does not apply to trustees while serving as Chair of the Board—	No change	No change	Term limits of 12 years	No change	Any trustee whose term exceeds 12 years is ineligible for reelection, including Chair and any

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such trustees are eligible for reelection/ reappointment. For trustees whose terms began before July 1, 2003, a 15-year term limit applies commencing on that date					Vice-chair
Purpose of the Executive Committee is to transact all necessary business as may arise in the intervals between regular meetings of the Board	No change	No change	Purpose of the Executive Committee is to provide leadership and counsel to the Board in an advisory role. Executive Committee is not authorized to make decisions on behalf of the board. In the event that there is necessary business to be transacted between meetings, the Executive Committee should call an emergency meeting for a Board vote	No change	No change
Minutes of executive committee action provided to all trustees at next regularly scheduled meeting	No change	No change	Minutes of executive committee action and discussion provided to all trustees within a week and prior to the next board meeting	No change	No change

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N/A	Attendance at executive sessions limited to voting members of the group in executive session, whether the Board or relevant committee	No change	Any Board member can attend any meeting called by the Chair, as well as meetings of committees and subcommittees, except for those Board members who may have a conflict with regard to the matter under discussion	Attendance at executive sessions limited to voting members of the group in executive session, whether the Board or relevant committee	Any Board member can attend any meeting called by the Chair, as well as meetings of committees and subcommittees, except for those Board members who may have a conflict with regard to the matter under discussion. Five percent of committee time to be set aside for sitting Trustees comments from non-committee members
Board reserves a portion of its regular meeting for individuals to address the Board	No change	No change	No change	Committee on Outreach, Development and Community Relations reserves a portion of its regular meeting for individuals to address the Board. Chair reports to the full Board a summary of the views expressed by the public at the committee meeting	No change