

286-1

MINUTES OF MEETING

BOARD OF TRUSTEES

VOLUME 286

April 9, 2015

A special meeting of the Board of Trustees was held telephonically at 10:37 a.m. on April 9, 2015.

The following Trustees participated telephonically: Masser (chairman), Casey (vice chairman), Barron, Benson, Brown, Cotner, Dandrea, Doran, Dunn, Eckel, Frazier, Goldstein, Harpster, Hintz, Huber, Jubelirer, Lubert, Lubrano, McCombie, Mead, Oldsey, Pope, Rakowich, Redding, Rucci, Silvis; and Hanger.

Also present by invitation were administrative staff members Andrews, Dunham, Guadagnino, and Poole.

Chairman Masser's opening remarks are included as follows:

“Before we begin, let me thank each of the trustees for taking the time to participate in this special meeting today. For the sake of audio clarity for the public listening to the audio stream via WPSU, following the roll call, if the trustees would please mute your connection when you are not speaking, that would be most appreciated.”

The roll was called by Janine Andrews, Associate Secretary of the Board.

The Chairman continued:

“The Board met this morning in privileged executive session to discuss and consider offers of settlement of legal claims relating to the actions of Gerald Sandusky. The purpose of today's public meeting is to vote on a resolution providing authorization to pay amounts within the dollar limits described earlier in the privileged executive session to one or more such persons for such claims. A copy of the resolution has been provided to each trustee in advance, and the resolution has been posted on the Board's website.

“I am not going to read the preamble, but for the record, I would like to ask Jeanie Andrews to read the resolution:”

Janine Andrews read the resolution into the record.

“THEREFORE BE IT RESOLVED, that the President and the Senior Vice President for Finance and Business/Treasurer be, and each of them hereby is, authorized to cause the University to pay such amounts within the dollar limits described on a confidential, privileged and work product protected basis to the Board of Trustees in executive session on the date of this Resolution to one or more such persons in settlement of such claims, in each case on terms and conditions approved by the President, or the Senior Vice President for Finance and Business/Treasurer, and by the Vice President and General Counsel as to form, and that the President and the Senior Vice President for Finance and Business/Treasurer be, and each of them hereby is, authorized to execute any necessary settlement agreements, and any other documents, instruments or agreements deemed necessary or advisable in connection therewith; and

“RESOLVED FURTHER, that the execution and delivery of any such settlement agreements, or any other documents, instruments or

agreements deemed necessary or advisable in connection therewith, shall constitute conclusive evidence of such proper officer's approval within the authority approved and authorized hereby."

Motions to adopt the resolution were made and seconded. Chairman Masser called for discussion.

On behalf of Trustee Albert Lord, Trustee Anthony Lubrano requested that the following statement be read into the official meeting record:

"In cooperation with legal chair Dandrea I voluntarily recuse myself from participation in this meeting. I accept there are perceived and likely real conflicts of interest between and among certain trustees with respect to the lawsuit filed by former Penn State President Graham Spanier which, among other things, alleges disparagement by Penn State trustees as well as defamation of his character by Louis Freeh. I further accept that my relationship with President Spanier puts me among such potentially conflicted trustees. So that this board of trustees can fairly make judgements between real and perceived conflicts with Penn State's 'best interests,' I call upon the board to clarify by definition what it deems Penn State's 'best interests' to be with respect to each count alleged in the complaint filed by President Spanier on March 18, 2015. Though this vote may not be registered today, I vote no on the proposed settlement. While previous settlements may well have been sympathetically motivated and considered legally expedient at the time, such settlements presume Penn State's financial responsibility to victims, a policy of expedience has been an abject failure. Worse our attempts to pacify the politically correct others is based on the presumption that an innocent Penn State is guilty. Does our cynicism know no bounds? Victims may be due recompense from Sandusky, not Penn State. Thank you Mr. Chair."

Trustee Anthony Lubrano then requested that the following statement be read into the official meeting record:

"I rise in opposition to this resolution. I proudly joined the board in July 2012. My first meeting was July 12, 2012, a day that will live in infamy in the Penn State community. On that day, Louis Freeh released his report, a report that has been harshly criticized by many for its unfounded conclusions. Of course this body has yet to either accept or reject the findings of the Freeh report which cost the university 8.3 million dollars. Instead we seem to have adopted a policy of pay and move on. Unfortunately Penn State continues to pay quite literally and figuratively almost three years later. And today we look to pay again. But I say, no more. No more resolutions to approve settlements while denying trustees to the access to the source materials used to prepare the Freeh report. No more feeding at the trough of Penn State. As Trustee Lord reminds us, a policy of expedience has been an abject failure. The time has come for us to say no more. I hereby also request that the secretary note in the *Minutes* that I asked Chairman Masser through university counsel for full access to source materials necessary to inform the exercise of my independent judgment on this board resolution. My request was repeatedly denied. Put simply without full access to this information, I am unable to exercise my independent judgment as a trustee in this matter. Thank you Mr. Chair."

On behalf of Trustee Ryan McCombie, Trustee Alice Pope requested that the following statement be read into the official meeting record:

"The legal committee may have sufficient information to make a bona fide thoughtful decision on this matter. Others on this board may believe they also have sufficient information to vote for this extraordinary expenditure of funds. The driving impetus for the settlement of this case appears to be the pro victim bias of the Pennsylvania court system. Although this may be one factor, I have not had the opportunity to understand the culpability of Penn State nor the financial risk Penn State may need to accept. I have not seen an executive summary of these risks from our outside counsel in this matter. I

have not heard the perspective of our insurance companies. With the paucity of information I presently have, in good conscience I cannot support this extraordinary expenditure of funds at this time.”

Trustee Alice Pope requested that the following statement be read into the official meeting record:

“I'm a child psychologist and a university professor. My life has been devoted to promoting the well-being of young people. I have great compassion for the victims of Jerry Sandusky. However as a trustee of this university, I cannot support a victim settlement when we have failed in our duty to protect and defend the university against false accusations. Every day that we silently stand in support of the Freeh report is a day that we allow the world to believe that we agree it the conclusion. Our tacit support of the Freeh report exposes the university to claims of our moral and legal culpability that has in fact not been established. I will vote no on the settlement proposal and I urge my fellow trustees to join me in executing our fiduciary duty to protect the university by repudiating the Freeh report at the earliest opportunity. Thank you Chair Masser.”

After further discussion, Chair Masser requested a roll-call vote to accept the resolution which was earlier motioned and seconded. The resolution was approved by the Board, with 18 Trustees voting in favor of the resolution (Trustees Benson; Casey; Cotner; Dandrea; Dunn; Eckel; Frazier; Goldstein; Harpster; Huber; Lubert; Masser; Mead; Rakowich; Redding; Rucci; Shaffer; and Silvis), and 6 Trustees voting against the resolution (Trustees Brown; Doran; Jubelirer; Lubrano; Oldsey; and Pope). Refer to Appendix I for the resolution in its entirety.

[Appendix I]

Chair Masser stated that there were no other matters to come before the Board. The meeting was adjourned at 10:56 a.m.

The meeting is available in its entirety at <https://www.youtube.com/watch?v= ikrXK2JR4>

Respectfully submitted,

Janine S. Andrews
Associate Secretary,
Board of Trustees

Resolution of the Board of Trustees
April 9, 2015

Resolutions Authorizing Offers of Settlement of Claims

Will the Board of Trustees adopt the following resolutions:

WHEREAS, claims have been and are expected to be made against the University by persons alleging, among other things, that the University is liable for injuries suffered by such persons relating to the actions of Gerald Sandusky;

WHEREAS, the Board of Trustees desires to resolve such claims in a manner that is fair, expeditious and efficient;

WHEREAS, the Subcommittee on Legal of the Committee on Legal and Compliance of the Board of Trustees was created, in part, to oversee litigation and other legal matters affecting the University;

WHEREAS the Board of Trustees previously authorized the President and the Senior Vice President for Finance and Business/Treasurer to cause the University to pay such amounts within such dollar limits as the Subcommittee on Legal may approve in advance to one or more such persons in settlement of such claims, in each case on terms and conditions approved by the President, or the Senior Vice President for Finance and Business/Treasurer, and by the Vice President and General Counsel as to form, and further authorized the President and the Senior Vice President for Finance and Business/Treasurer to execute any necessary settlement agreements, and any other documents, instruments or agreements deemed necessary or advisable in connection therewith;

WHEREAS, the Board of Trustees previously authorized the execution and delivery of any settlement agreement, or any other documents, instruments or agreements deemed necessary or advisable in connection therewith, with any such settlement agreement constituting conclusive evidence of such proper officer's approval within the authority approved and authorized by the Subcommittee on Legal;

WHEREAS, counsel for the University, with the assistance of nationally recognized experts in mediation and conflict resolution, have recommended that settlement offers be made to a number of claimants, in amounts and on terms described on a confidential basis to the Board of Trustees in executive session on the date of this Resolution;

WHEREAS, notwithstanding the authorization previously provided by the Board of Trustees, the Subcommittee on Legal has determined that it would be in the best interests of the University for the Board of Trustees to approve the offers to be made by the University in connection with the proposed settlement of such claims;

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THEREFORE BE IT RESOLVED, that the President and the Senior Vice President for Finance and Business/Treasurer be, and each of them hereby is, authorized to cause the University to pay such amounts within the dollar limits described on a confidential, privileged and work product protected basis to the Board of Trustees in executive session on the date of this Resolution to one or more such persons in settlement of such claims, in each case on terms and conditions approved by the President, or the Senior Vice President for Finance and Business/Treasurer, and by the Vice President and General Counsel as to form, and that the President and the Senior Vice President for Finance and Business/Treasurer be, and each of them hereby is, authorized to execute any necessary settlement agreements, and any other documents, instruments or agreements deemed necessary or advisable in connection therewith; and

RESOLVED FURTHER, that the execution and delivery of any such settlement agreements, or any other documents, instruments or agreements deemed necessary or advisable in connection therewith, shall constitute conclusive evidence of such proper officer's approval within the authority approved and authorized hereby.