

MINUTES OF MEETING

BOARD OF TRUSTEES

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January 18, 2013

A meeting of the Board of Trustees was held in Dean's Hall of The Penn Stater Conference Center Hotel, University Park, Pennsylvania, at 1:30 p.m. on January 18, 2013.

The following Trustees were present: Peetz (chairman), Masser (vice chairman), Alexander, Allan, Arnelle, Broadhurst, Clemens, Cotner, Dambly, Deviney, Eckel, Erickson, Frazier, Greig, Hayes, Hintz, Khoury, Lubert, Lubrano, McCombie, Myers, Shaffer, Silvis, Strumpf, Suhey, Taliaferro, and Tomalis; and Trustee Emeritus Metzgar; and Branstetter.

Present by invitation were faculty representatives Backer, Yarnal, and Hufnagel; student representatives Clark, Fisher, and Lennartz; ALC chair, David Hall; and staff members Ammerman, Basso, Bowen, DiRaimo, Dunham, Foley, Gaudelius, Gray, Hall, Jones, Joyner, Kirsch, Mulroy-Degenhart, Pangborn, Paz, Poole, Sims, and Weidemann.

Chairman Peetz had the following remarks:

"Good afternoon everyone. Thanks to all for attending our open Board of Trustees meeting. As you can see from the agenda, we will have reports from all of our standing committees and then have time for public expression. Before we dive into the agenda, I'd first like to wish everyone a Happy New Year! 2013 promises to be an exciting and busy time at Penn State with lots of activity underway.

"This past year, as we all know, was challenging and, often times, difficult. Part of that was due to the loss of many friends, colleagues, and members of the Penn State family who helped to shape our beloved institution and the world beyond. Allow me a moment to recognize a few of them:

- Jean Craighead George, Class of 1941, College of the Liberal Arts, an author and environmentalist, and a Distinguished Alumna
- Verne Willaman, Class of 1951 in the College of Science, he was a strong supporter and benefactor of our Life Sciences, and a Distinguished Alumnus
- John Vairo, Graduate Class of 1961 in Communications, and founder of Penn State Brandywine
- Samuel Vaughan, Class of 1951 in Communications, was an editor as well as a Distinguished Alumnus
- Jeanne Claycomb Berkey, Class of 1948 in Agriculture, and benefactor of our Creamery
- Virginia Dale Ricker, Class of 1929 and 1932, and longtime and distinguished Professor of English. She's also been credited as the pioneer of our Women's Studies
- Of course, Joe Paterno, educator and Football Coach
- John Lloyd Huck, of the Class of 1943 in Science, captain of the pharmaceutical industry, former Board of Trustees chairman, and benefactor and friend of Penn State-- we will ask the Board to consider resolutions in recognition of Mr. Huck's many contributions a little later in the meeting
- Robert Fortinsky, Class of 1947 in Science, former trustee, a Distinguished Alumnus, and avid supporter of Penn State Wilkes-Barre
- Most recently, Mack Brady, son of Chris and Elizabeth Brady, who will be memorialized in a scholarship established to benefit a member of the Penn State Soccer Team in recognition of his love of the game--President Erickson will have more to say about this in his remarks.

"In remembrance of all of these individuals, as well as others that were not mentioned, I ask that you join me in a moment of silence.

"Thank you."

Chairman Peetz welcomed University Faculty Senate Officers Larry Backer, Brent Yarnal, and Pam Hufnagel; Student Representatives Ben Clark, Wanika Fisher, and Courtney Lennartz; and Academic Leadership Council Chair David Hall.

Chair Peetz also welcomed the Constituent Representatives to Board committees: Roger Egolf, Ginny Hosterman, Crystal Hubler, Katelyn Mullen, and Katie Smarilli.

It was voted to approve the minutes of the meeting of the Board held on November 16, 2012.

Trustee Lubrano read a personal statement which referenced the career of Joseph Vincent Paterno and the one-year anniversary of his passing, the necessity of moving the University forward academically and culturally, and his commitment to improving the University.

President's Report

Dr. Erickson's report is included as follows:

"Thank you, Karen, for all you have done for Penn State in your role as chair over the last year. You have exhibited grace under pressure, and I have personally appreciated your leadership, openness, and support during what may well prove to be the most challenging period in Penn State history. I also want to thank you and the Board for putting your confidence in me over the last 14 months. It was recently brought to my attention that in our original *Charter*, one of the stipulations for choosing the president was that 'he shall be a good practical farmer.'

"Well, I'm a farmer alright, but you'll have to judge whether I'm a good or practical one. Although I'm suspecting that the next president will not be a practicing farmer, I hope that she or he will have great respect for the land and will be mindful of our roots as the Commonwealth's land grant University. I can assure you I'll support your efforts to find the next president in any way possible, while staying appropriately distant from the process. Karen, although you will not be continuing as chair, I'm delighted that you'll continue to serve Penn State on the Board and on several key committees, so please join me in thanking Karen for her past and future leadership. [Applause]

"Penn State DuBois and Penn State York are also welcoming new leaders. Melanie Hatch, founding Dean of the College of Engineering and Business at Gannon University in Erie, has been named Chancellor and Chief Academic Officer at Penn State DuBois effective January 28. Dr. Hatch has an extensive background in program development and applied research, and she has a strong record of building partnerships with local leaders in business and industry. David Chown, Chief Academic Officer and Senior Vice President for the Residential University of Upper Iowa University, will join Penn State York February 15. Dr. Chown has particular expertise in strategic planning, organizational leadership and collaborative and entrepreneurial approaches to program development. I hope you will have an opportunity to meet both of them in coming months.

"Now I wish to share the short video we recently sent to our students, faculty, staff, alumni and friends--some 200,000 email addresses in all. It highlights a few of the accomplishments from last fall, and provides a very nice portrait of some of the teaching, research, and service underway at the University. I hope to find more ways to recognize the outstanding efforts of Penn State people in coming months. [Video shown]

"Looking ahead, this is the time of year when we begin to get a clearer picture of how our incoming summer and fall class is shaping up. As I have reported recently, the aggregate number of applications for admissions is trailing the record numbers of recent years. However, international applications continue to see double digit increases, and applications are up for both Penn College and the Penn State College of Medicine. Another bright spot is that our prospective students are accepting their offers for admission much more quickly and in greater numbers than in past years. To date, our yield for University Park--that is students who have paid deposits after acceptance--is up three percentage points compared to this date last year, and for the Commonwealth Campuses it's the same as last year at this

time. Notably, the quality of the applicant pool is consistent with previous years. Based on the latest numbers, we're projecting that the entering class at University Park will meet its target, which has been set at a level similar to last year. It's still a little too early to project for the Commonwealth Campuses, which typically follow a later acceptance pattern. We're also encouraged that numerous publications, including *SmartMoney* and *Kiplinger's*, continue to affirm the value of a Penn State education. Most recently, *Kiplinger's Personal Finance* named Penn State as one of the '100 Best Values in Public Colleges,' which recognizes the University among four-year schools that combine outstanding education with economic value.

"Last week, for the 97th time, the Pennsylvania Farm Show brought together the agricultural community, educators, families, animal lovers and those who simply like to eat delicious specialties, like potato donuts, red beet and mustard eggs, apple dumplings and honey waffle--all from Pennsylvania farms. More than 150 Penn State faculty and staff from the College of Agricultural Sciences make many of the show's activities possible--from vegetable contests to competitive livestock events to news coverage. The Farm Show also directly benefits our students. This year, 14 Penn State students, including 11 enrolled in the College of Agricultural Sciences, were among 25 who were awarded scholarships by the Pennsylvania Farm Show Scholarship Foundation. To be eligible for the scholarship, students must be registered in a post-secondary educational institution and have exhibited livestock at the Farm Show. The winners are selected based on leadership qualities and excellent academic performance. The scholarship is \$3,500, and the College of Agricultural Sciences will contribute an additional \$2,000 for its student winners. Shown here are the winners with state Agriculture Secretary George Greig, Congressman Glenn Thompson, College of Agricultural Sciences Interim Dean Barbara Christ, and Associate Dean Tracy Hoover.

"Penn State and the College of Agricultural Sciences have been selected by the United Nations Educational, Scientific, and Cultural Organization to establish a UNESCO Chair in Rural Community, Leadership, and Youth Development. Dr. Mark Brennan, Associate Professor of Community and Leadership Development, will serve as UNESCO Chair and lead the program. The opportunity to establish a UNESCO Chair is a rare and prestigious honor that follows in the tradition of Milton Eisenhower, our former President and the first Chairman of the United States UNESCO Commission. Only 18 UNESCO Chairs are located in the United States, with just four housed at land grant universities. None of the other chairs are in a College of Agriculture or at other Big Ten universities. In support of UNESCO's priorities for addressing the specific needs of rural youth and communities, Dr. Brennan will concentrate on issues of youth and community capacity building, equality and education, economic development, social justice, and sustainable development. Dr. Brennan is with us today, and I'd like to ask that he stand to be recognized. [Applause] Thank you. We'll share more information about this program as it gets underway.

"I often mention the success of Penn State's research enterprise, which topped \$807 million last year. This chart shows the depth and breadth of Penn State's organized research. As you can see, there is excellent representation in a wide range of areas, and the research is supported by multiple sources including federal agencies, Commonwealth of Pennsylvania agencies, private and industry partners, and the state appropriation, all of which continue to be important parts of the mix. New awards for research during the current year are tracking closely with last year's previous record pace. That said, we remain watchful and concerned about the impacts of future federal cuts as Congress wrestles with spending and debt cap issues. Recent research grants include the following: the College of Agricultural Sciences is part of a \$6.2 million grant from the U.S. Agency for International Development aimed at improving food security in the developing world. Penn State will be working with Virginia Tech, Tuskegee University, and the University of Florida. Penn State Hershey was awarded a \$3.9 million grant from the National Institutes of Health to find biomarkers for Parkinson's Disease, which affects more than one million Americans. And the College of the Liberal Arts was awarded a grant of \$2.3 million from the National Institutes of Health to study how diseases and abnormalities of the head affect the growth and shape of the face. Dr. Joan Richtsmeier, professor of anthropology, is leading the team of researchers. As these grants demonstrate, Penn State's research enterprise has a powerful impact on the Commonwealth. But beyond bringing in dollars, Penn Staters are working to ensure a more

secure economic future by revitalizing American manufacturing.

"One promising technology is called additive manufacturing, also known as 3-D printing. Many argue that additive manufacturing will revolutionize whole industries, because it creates objects based on a layer-by-layer construction that has low material waste and energy use. Penn State recently hosted a two-day showcase of this technology, which can now be used to create models, microelectronics and other rapid prototypes. In the future it may be scaled up for use in aerospace, power generation, automotive and metals manufacturing. The potential for this manufacturing innovation is so vast that the Federal government has invested \$30 million to create a new partnership, the National Additive Manufacturing Innovation Institute. This public-private partnership is comprised of non-profit organizations, trade associations, community colleges, and nine research universities including Penn State, Carnegie Mellon University, Lehigh University, and the University of Pittsburgh. The Commonwealth has also provided support for this consortium, which will help bridge the gap between basic research and product development, aid manufacturers, and train workers in advanced manufacturing skills. I'm proud that Penn State is at the forefront of this dynamic new field.

"In other research news, six Penn State faculty members have been named Fellows of the American Association for the Advancement of Science, which is the world's largest general scientific society. Election as a Fellow is an honor bestowed upon members by their peers and selection is based on scientifically or socially distinguished efforts to advance science or its applications. The new Fellows from Penn State are: Peter Hudson, Director of the Huck Institutes of the Life Sciences and Willaman Professor of Biology; Soundar Kumara, the Allen E. & M. Pearce Professor of Industrial and Manufacturing Engineering; Andrew Read, Professor of Biology and Entomology and Eberly College of Science Distinguished Senior Scholar; Nitin Samarth, the George A. and Margaret M. Downs brough Department Head and Professor of Physics; Matthew Thompson, Professor of Entomology and Huck Scholar in Ecological Entomology, and Karl Zimmerer, Department Head and Professor of Geography.

"Sometimes it seems that the work of our scientists is the best kept secret around, but we're trying to change that. To help a wider audience better understand what our research faculty do in their labs and classrooms, Penn State Public Broadcasting is collaborating with Hank Foley, our Vice President of Research, to show portraits of Penn State researchers, their work and impact. These videos are designed to communicate the value of science and to dovetail with the new focus on STEM education in grades K-12. Eventually we hope to develop a library of genuine, accessible, short stories of scientists. Let's look at a 30-second introduction to the project. [Video shown]

"Thanks to Ford Stryker and his team of campus planning, design and construction professionals, Penn State has received some national attention for bringing outstanding buildings to our campuses. A highly respected architecture blog named the Lewis Katz Building as one of the 'Top 10 University Buildings that Actually Make You Want to Go to Class.' It has also collected accolades and awards from a number of other professional organizations. At Penn State Berks, the Gage Technology and Business Innovation Building recently won two awards for its unique design and construction. The awards from the Construction Owners Association of America and the Construction Management Association of America recognized the steady leadership and detailed scheduling that led to this building's completion three months ahead of schedule and under budget. The building was also awarded LEED gold-level certification back in May.

"This fall was one for the record books, with Penn State recording one of our most successful athletics seasons ever. Penn State won five Big Ten Championships and five Penn State head coaches were selected Big Ten Coach of the Year. As a result, Penn State finished number eight in the Learfield Sports Directors' Cup final fall standings and is among only four universities to have teams score points in five NCAA Championships. In addition to their success on the field, our students also had an outstanding season in the classroom. Penn State's graduation success rate, at 88%, was eight percentage points above the national average; in addition, 100 Penn State student-athletes earned academic All-Big Ten honors, the highest level of any university in the Big Ten. To mark such a remarkable

achievement, we invited a few representatives from each of the teams. Student-athletes, when I call your name, please stand and remain standing, and we'll recognize you as a group.

"The Nittany Lions Football Team is represented by Glenn Carson, a junior in advertising and public relations from Manahawkin, New Jersey, and John Urschel, a graduate student in math from Williamsville, New York. John is one of our three student-athletes with a 4.0 GPA. He's also teaching a section of Math 041, which is trigonometry and geometry. My advice would be, if you need help, see John. In addition, Coach Bill O'Brien was honored with many awards including Conference Coach of the Year and the Maxwell Football Club's National Coach of the Year. I just learned that last night, Coach O'Brien was awarded the 2012 Bear Bryant Coach of the Year award, as well.

"Representing field hockey, we have Kelsey Amy, a senior fine arts major from Sweet Valley, Pennsylvania; Abby Furhman, a junior recreation, parks and tourism management major from Bainbridge, Pennsylvania; and Whitney Reddig, a junior rehabilitation and human service major from Lititz, Pennsylvania. Also here is assistant coach Lisa Love, and I'd like to note that head coach Char Morett was named Big Ten Coach of the Year for the fifth time in her career.

"Our women's soccer team made its first ever appearance in the NCAA Championship game, and we're very proud of their outstanding performance. Representing women's soccer is Kindrah Kohre, a sophomore business major from Homer, New York, and Emily Hurd, a redshirt sophomore in advertising and public relations from Sammamish, Washington. I should also note that coach Erica Walsh was just named National Coach of the Year by Soccer America.

"The women's volleyball team won the Big Ten Championship for the 15th time and advanced to the NCAA semifinals for the fifth time in the past six years. From volleyball, we have Maddie Martin, a junior sports journalism major from Tampa, Florida; Micha Hancock, a sophomore from Edmond, Oklahoma; Megan Courtney, a freshman in kinesiology from Dayton, Ohio; and Kendall Pierce, a freshman in Health and Human Development from Eden, New York.

"The women's cross country team made history as it captured its first NCAA Mid-Atlantic Regional crown, while the men's top runners helped the team to a fifth-place finish. Representing Cross Country are top finishers: Tori Perri, a junior advertising and public relations major from Philadelphia; Bekka Simko, a junior journalism major from Mentor, Ohio; Nick Scarpello, a junior in advertising and public relations from Jamison, Pennsylvania; and Sam Masters, a graduate student in kinesiology from Columbia, Missouri. Coach Beth Alford-Sullivan is also here. Congratulations Beth, on being named the Mid-Atlantic Regional Coach of the Year, and being elected president of the Coaching Association's Board of Directors.

"Finally, we turn to men's soccer, which returned to the top of the Big Ten Standings this fall! I'd like to introduce goalkeeper Andrew Wolverton, a sophomore business major from Snellville, Georgia; and Owen Griffith, a sophomore in agricultural and environmental economics from Lewisburg, Pennsylvania. Assistant Coach Bo Oshoniyi is also with us.

"Thank you all for being here, and let us offer our congratulations to Dave Joyner, and all of our coaches, staff, and team members. [Applause] I should also note that our winter sports are well underway. Penn State's undefeated wrestling team is currently ranked number one in the nation, and our Lady Lion basketball team is ranked eighth with a 13-2 record; our men's gymnastics team is ranked number four; men's volleyball is in the top-ten; swimming and indoor track are off to a great start, so we look like we are doing very well in the winter sports taking off, as well.

"In development news, we're entering the final stretch in *For the Future: The Campaign for Penn State Students*. We have passed the \$1.7 billion mark, which puts us ahead of schedule to reach our \$2 billion goal next year. Specifically, we have achieved 86 percent of our campaign objective, with just 81 percent of time elapsed. In recent weeks,

we've had some very significant gifts including the largest commitment in the ten-year history of the Trustee Matching Scholarship Program from Jeff and Kellie Hepper. They established a \$5 million endowment for students with financial need. In recognition of their gift, the Fitness Center at Rec Hall will be named in honor of Jeff's parents, Clifford and Jean Hepper, who were Penn State graduates and longtime supporters. In addition, a member of the Smeal College of Business Board of Visitors, who wishes to remain anonymous, announced a \$5 million addition to an existing campaign commitment and has challenged other volunteer leaders, alumni and friends to consider new gifts to the campaign as well.

"Before I close my remarks, I want to say a few words about the heartbreaking news we received on New Year's Day. Schreyer Honors College Dean Chris Brady, his wife Elizabeth, and their daughter Isabel lost their precious little boy Mack, age eight. I'm at a loss to express the sadness and heartache with which the entire community received this tragic news, and we continue to grieve with the Brady family. In honor of Mack's dream to play soccer as a Nittany Lion and then to become a goalkeeper for the U.S. national team, the Brady family has established a scholarship in Mack's honor, which will benefit a player on our men's soccer team. Memorial donations may be made online at <http://givenow.psu.edu> or by sending a check payable to Penn State with 'In Memory of Mack Brady' in the memo line.

"Since I frequently conclude my remarks with a photo of the Nittany Lion, I wanted to include a shot that's a little more seasonal. Shown here is a life-size snow sculpture of the Nittany Lion created by freshman Kara Morgan, who was home in Marshall Township over winter break. She did an incredible job, and now has a truly unique photo with the Nittany Lion. Now I'll be happy to take your questions."

President Erickson received questions or comments concerning:

- Opportunities to recognize the outstanding scholastic achievements of our students at a future Board meeting

Reports from Standing Committees

Chairman Peetz advised that committees will be called into session to consider any action items. Committees will take action if necessary, however, the full Board will not be asked to consider committee recommendations until the Public Expression session has concluded.

A. Committee on Academic Affairs and Student Life

A quorum of the Committee on Academic Affairs and Student Life was present with the following members in attendance: Alexander (chair), Khoury (vice chair), Erickson (ex-officio), Hayes, McCombie, Peetz (ex-officio), Taliaferro, and Tomalis.

Chair Alexander reported that since the last meeting, the Committee had an opportunity to receive informational panel presentations related to three primary areas of interest: technology and learning; how we engage students in active learning; and the issue of sexual assault in the University community.

There were no recommendations for action to present to the Board of Trustees.

B. Committee on Audit and Risk

A quorum of the Committee on Audit and Risk was present with the following members in attendance: Deviney (vice chair), Eckel, Erickson (ex-officio), Lubert, Masser, Peetz (ex-officio), and Strumpf.

Vice Chair Deviney reported that since the last meeting, the Committee had an opportunity to receive an informational report during their public session from the Corporate Controller, Joseph J. Doncescz, during which he provided an update on the audit of financial statements and IRS Form 990 for the Corporation of for Penn State. The Committee also received an informational report from University Risk Officer, Gary Langsdale with respect to the University's Enterprise Risk Management efforts. Dan Heist, Director of Internal Audit, provided the Committee with the annual report on the activity of the University's Ethics and Compliance Hotline. In executive session, the Committee received a report from Kevin Morooney, Chief Information Officer, on the University's Information

Technology operations and the related strategic plan. Additionally, Joe Doncsecz reviewed the scope and terms of the external audit outlined in the proposed letter of engagement received from Deloitte and Touche for the year ending June 30, 2013.

The Committee on Audit and Risk recommended that the Board of Trustees approve the following resolution:

1. RESOLVED, That the Officers of the University are authorized to engage Deloitte & Touche, Certified Public Accountants, for the audit of the accounts of the University for the year ending June 30, 2013.

Following the Public Comment session the Board voted to approve the action item as recommended by the Committee on Audit and Risk.

C. Committee on Finance, Business and Capital Planning

Chair Strumpf reported that a quorum of the Committee on Finance, Business and Capital Planning was present with the following members in attendance: Strumpf (chair), Silvis, (vice chair), Clemens, Cotner, Dambly, Erickson (ex-officio), Hintz, and, Peetz (ex-officio).

Chair Strumpf reported that since the last meeting, the Committee had the opportunity to receive information on 1) updates regarding the Data Center, 2) the work of the Budget Planning Task Force, 3) the Freeh Report recommendations, and 4) the development of the 2014-2018 Capital Plan.

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 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 in support of endowments, funds, and other major commitments as reported to the Committee on Finance, Business and Capital Planning at its meeting of November 16, 2012.

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 in view of the special nature of this project, the interview process has been conducted by the University's Office of Physical Plant.

BE IT FURTHER RESOLVED, That the Officers of the University are authorized to employ the firm of Spillman Farmer of Bethlehem, Pennsylvania as architects for the Woodland Building Renovation at Penn State Abington.

4. RESOLVED, That the final plans for Phase One of the Intramural Building Expansion at University Park, as designed by the firm of Moody Nolan, Inc. of Columbus, Ohio, are approved.

FURTHER BE IT RESOLVED, That authorization to award contracts to construct the project be approved at a cost of \$26,100,000.

5. RESOLVED, That the final plans for Phase Two of the South Frear Renovations at University Park, as designed by the firm of Stantec, Inc. of Endicott, New York, are approved.

FURTHER BE IT RESOLVED, That authorization to award contracts to construct the project be approved at a cost of \$18,100,000.

6. RESOLVED, That the final plans for the West Campus Steam Plant Turbine Replacement at University Park, as designed by the firm of Burns and McDonnell of Saint Louis, Missouri, are approved.

FURTHER BE IT RESOLVED, That authorization to award contracts to construct the project be approved at a cost of \$8,600,000.

7. RESOLVED, That the final plans for the Educational Activities Building Renovation and Addition at Penn State Harrisburg, as designed by the firm of Bohlin Cywinski Jackson of Wilkes-Barre, Pennsylvania, are approved.

FURTHER BE IT RESOLVED, That authorization to award contracts to construct the project be approved at a cost of \$19,500,000.

8. RESOLVED, That the final plans for the Energy Efficient Buildings Hub New Building 7R and 661 Renovation at the Philadelphia Navy Yard, as designed by the firm of Kieran Timberlake of Philadelphia, Pennsylvania, are approved.

FURTHER BE IT RESOLVED, That authorization to award contracts to construct the project be approved at a cost of \$39,000,000.

Following the Public Comment session the Board voted to approve the action item as recommended by the Committee on Finance, Business and Capital Planning.

The Committee received the following items for information:

1. Althouse Laboratory Fourth Floor Renovations, University Park
2. Centralized Biological Laboratory Cagewash Addition, University Park
3. Career Services Center Addition to Multipurpose Building, Penn State Wilkes-Barre
4. Naming of Rooms, Portions of Buildings and Plazas
 - a) Name the following spaces within Children's Hospital: 1) Resource Room / Library, Room P1305, in recognition of a gift from The Burgess-McCormac Foundation. The plaque should read: *Burgess-McCormac Foundation Library*; 2) Conference Room, Room P1305A, in recognition of a gift from Patricia K. and Dennis P. Brenckle. The plaque should read: *Made possible by the generosity of the Brenckle Family*
 - b) Name the Casting Room (Room 109C), Lasch Building, in recognition of a pledge from Charles and Robert Gatski. The recognition plaque should read: *Charles P. and Robert A. Gatski Casting Room*
 - c) Name the Women's Hockey Volunteer Assistant's Office, Pegula Ice Arena, in recognition of a pledge from Todd and Heidi Chan. The recognition plaque should read: *Todd and Heidi Chan Volunteer Assistant's Office*
5. Purchase of Property at 5282 Station Road, Penn State Erie, The Behrend College
6. Purchase of Property at 5 Willow Street, Penn State Mont Alto
7. Purchase of Energy Efficient Buildings Hub Navy Yard Properties, Philadelphia
8. Status of Major Construction Programs and Borrowing
9. Summary and Designation of Gifts Received by the University
10. A photo report on the progress of selected construction projects was presented including: 1) Intramural Building expansion, University Park; 2) South Frear Building renovations, University Park; 3) East Campus Steam Plant and West Campus Steam Plant renovations, University Park; 4) Educational Activities Building expansion, Penn State Harrisburg; 5) renovations of Buildings 661 and 7R, Philadelphia Navy Yard; 6) Main Building renovation,

Penn State Brandywine; 7) construction progress of the Eva J. Pell Laboratory for Advanced Biological Research, University Park; 8) construction progress of the Pegula Ice Arena, University Park; and 9), upgrades to West Campus Chilled Water Plant, University Park.

D. Committee on Governance and Long-Range Planning

Chair Broadhurst noted that a quorum of the Committee on Governance and Long-Range Planning was present with the following members in attendance: Broadhurst (chair), Arnelle, Clemens, Erickson (ex-officio), Masser, Myers, Peetz (ex-officio), and Shaffer.

Chair Broadhurst reported that since the last meeting, the Committee facilitated the announcement of interest in candidacy for the positions of Chairman and Vice Chairman of the Board; participated in the kick-off for the search for the new President of the University and the establishment of the Trustee Selection Council. Chair Broadhurst reported that a retreat for Trustees was held on January 17 for the purpose of reviewing recommendations for governance received from several sources. Items that the Committee is likely to address in the near future are 1) the period of time-lapse between which a former University employee may serve on the Board or vice-versa; 2) requirements for certain reports to be provided to the Board on an annual basis; 3) membership and voting ability set aside for the President and the Governor; 4) review of the span of responsibility for the President; 5) rotation of the chairs of the standing committees; 6) conflict of interest policies and required disclosures, as well as code of conduct and confidentiality breaches; 7) a review of the current policies and practices regarding the conduct of public meetings; 8) requirements for a quorum to conduct business of the Board; and 9) contemporizing the Board through the utilization of technology. The Committee has requested additional benchmarking information on the aforementioned items and hopes to begin review of them in the coming weeks. The Committee hopes to present recommendations to the Board at the March and May 2013 meetings for many of these items. Additionally, discussions related to long-term and complex items such as Board composition and its overall size are likely to be addressed by the full Board in the near future.

There were no recommendations for action to present to the Board of Trustees.

E. Committee on Legal and Compliance

Chair Eckel reported that a quorum of the Committee on Legal and Compliance was present with the following members in attendance: Eckel (chair), Lubert, (vice chair), Deviney, Erickson (ex-officio), Frazier, Greig, Masser, Peetz (ex-officio), and Taliaferro.

Chair Eckel reported that since the last meeting, following concerns expressed by members of the public, it was determined by the Committee (after consulting with University General Counsel Stephen S. Dunham), that all future public sessions will be held at the beginning of the committee meeting; the committee may choose to adjourn to executive session following the public session. Chair Eckel reported that the Legal Subcommittee, chaired by Trustee Ira M. Lubert continues to meet on a weekly basis. At the public session, the *Charter* and *Operating Guidelines* for the Committee were discussed. The Committee moved to approve and voted to accept these documents, recognizing there needs to be inclusion of a section which references the University's Chief Compliance Officer; it will be completed once the University hires said individual. The completed document will be provided to all members of the Board and will be posted for public view on the Board website.

The Committee received a report on the implementation of the Athletics Integrity Agreement; all requirements have been met under the first 120-day period, with the exception of the employment of an Athletics Integrity Officer. The University has received a 60-day extension for the hiring of said position. It is anticipated that the announcement of this hire will be made by the University during the week of January 21, 2013. The position search continues for the University Director of Ethics and Compliance; the final interview process for this position is imminent. Chair Eckel also reported that the Committee received a report on the current status of Freeh Recommendation implementations; the University appears to be on target with those recommendations that have been brought forward to date.

During the executive session of the Committee, confidential, non-deliberative items were discussed by the Committee and Counsel Dunham.

There were no recommendations for action to present to the Board of Trustees.

F. Committee on Outreach, Development and Community Relations

Chair Dambly noted that a quorum of the Committee on Outreach, Development and Community Relations was present with the following members in attendance: Dambly (chair), Suhey, (vice chair), Deviney, Erickson (ex-officio), Lubrano, and Peetz (ex-officio).

Chair Dambly reported that since the last meeting, the Committee received an update from Edelman to recap past and review future University initiatives. The Committee received data related to a recent Alumni Survey which concludes that: 1) the Penn State brand remains strong 2) the Alumni commitment to the University remains strong; 3) student experience satisfaction/pride is stable; 4) positive feelings and trust of the University are trending upwards, including the entities of the Alumni Association, University Administration, and the Board of Trustees. It is anticipated that the survey findings will be published by the Alumni Association.

Katie Smarilli, President of the Alumni Association, provided a membership and activity report to the Committee. Vice President for Administration, Thomas G. Poole, provided the Committee with an update on the University search for the Vice President of Marketing and Communication. An update on University re-branding was provided to the Committee by Pulse Point Group; the focus of the effort is a re-commitment to our existing brand, our core values, and our mission. Cynthia B. Hall, Interim Chief Marketing and Communications Officer, provided an update on initiatives currently underway in that department. Notably, meetings are scheduled to be held during the year at all of the Commonwealth Campuses for the purpose of marketing and re-energizing the Penn State brand. Finally, the Board website is going through additional reconstruction, which should be completed by the end of the month.

There were no recommendations for action to present to the Board of Trustees.

Public Comment

Seven speakers were present to share their views and visions for the enhancement of Penn State:

1. Peggi Munkittrick, a friend of the University, spoke to items related to the Board's Committee on Governance and Long-Range Planning with respect to governance reforms.
2. Elizabeth Morgan, an alumna of Penn State who also shared views in November, spoke to Auditor General Jack Wagner's recommendations for reform and the need for reformation of the Board.
3. Andrea Cook, an alumna of Penn State, shared her views regarding positive steps and concerns about moving forward.
4. Cecelia Masella, an alumna of Penn State who also shared views in September, spoke to the remembrance of Joe Paterno on the occasion of the anniversary of his passing.
5. Susan Dieterich, an alumna of Penn State who also shared her views in September, spoke to the Freeh Report and NCAA Sanctions.
6. Maribeth Schmidt, an alumna of Penn State, commented on the election of officers of the Board of Trustees and on the election process used for the category of Business and Industry Trustees.
7. Anne Weiss, an alumna of Penn State, spoke to the Freeh Report and the recommendations from Auditor General Wagner.

Authorization to Confer Degrees

The Board of Trustees voted to authorize the President of the University to confer degrees at the end of the 2013 Spring Semester, Summer Session, and Fall Semester upon those students who have completed at those times the necessary requirements.

Proposed Date of Election of Trustees

The Board of Trustees voted to approve May 2, 2013 as the date for the delegate election of agricultural trustees, and for counting the ballots in the alumni election; and approve May 3, 2013 as the date for the election of business and industry trustees.

Proposed 2014 Dates for Meetings of the Board of Trustees

The Board of Trustees voted to approve the proposed meeting dates for 2014 as follows (unless otherwise noted, all meetings will be held at University Park):

January 16-17, 2014	(Thursday-Friday)
March 20-21, 2014	(Thursday-Friday) - Penn State Milton S. Hershey Medical Center
May 8-9, 2014	(Thursday-Friday)
July 10-11, 2014	(Thursday-Friday) - Penn State Schuylkill
September 18-19, 2014	(Thursday-Friday)
November 13-14, 2014	(Thursday-Friday)

Selection of Recipients of the 2013 Distinguished Alumni Award

Karen B. Peetz, Chairman, presented the recommendations from the Distinguished Alumni Award Screening Committee's meeting on January 17, 2013.

Ballots were distributed and, following the voting, were counted. Chairman Peetz reported that the following seven individuals had been selected as recipients of the Distinguished Alumni Award for 2013:

Shani J. Allison
Alan D. Bedrick, M.D.
Eugen B. Chaiken
Robert E. Fenza
James Thomas Harris III
William A. Jaffe
Thomas J. Ridge

[See Appendix I]

Proposed Resolutions in Recognition of John Lloyd Huck

The Board of Trustees voted to approve the following resolutions:

RESOLVED, That the Board of Trustees of The Pennsylvania State University expresses deepest regret and sympathy to the family of John Lloyd Huck on the passing of Mr. Huck on December 4, 2012; and

BE IT RESOLVED, That the Board of Trustees recognizes Mr. Huck's loyalty and dedication to The Pennsylvania State University in having served as a member of its Board for fifteen years, with the status of Trustee Emeritus being conferred upon Mr. Huck in September 1992; and

BE IT RESOLVED, That the official and permanent minutes of the Board of Trustees record for all time the Board's sincere respect and deep appreciation of Trustee Emeritus John Lloyd Huck for his wisdom and steadfast commitment to the betterment of The Pennsylvania State University; and

BE IT FURTHER RESOLVED, That, in addition to the permanent recording, a copy of this resolution be appropriately transmitted to the family on behalf of the members of the Board of Trustees.

Announcements by the Chairman of the Board of Trustees

Chairman Peetz deferred her personal remarks until the conclusion of the election of officers. Chairman Peetz reported that members of the University Presidential Search and Screen Committee have now been identified; those persons are:

- Jalon Alexander, President, Penn State Mont Alto Student Government Association; Undergraduate Student in Letters, Arts, and Sciences
- Brian Aynardi, Graduate Student Association University Faculty Senate Representative; Graduate Student, Plant Pathology and Environmental Microbiology
- Larry Backer, Current Chair of the University Faculty Senate; Professor of International Affairs and Law, Dickinson School of Law
- Nan Crouter, Dean of the College of Health and Human Development
- Robert Edwards, Edwin Erle Sparks Professor of English and Comparative Literature, College of the Liberal Arts
- Shaun Gabbidon, Distinguished Professor of Criminal Justice, Penn State Harrisburg
- Dan Hagen, Immediate Past-Chair of the University Faculty Senate; Professor of Dairy and Animal Sciences, College of Agricultural Sciences
- Dave Hall, Dean, College of Information Sciences and Technology; and current Chair, Academic Leadership Council
- David Han, Associate Professor of Surgery and Radiology, Penn State Milton S. Hershey Medical Center
- Madlyn Hanes, Vice President for Commonwealth Campuses
- Tom Mallouk, Evan Pugh Professor of Materials Chemistry and Physics, Eberly College of Science
- Katelyn Mullen, Vice President, University Park Undergraduate Association; and an Undergraduate Student in Marketing and Public Relations
- Brian Orland, Distinguished Professor of Landscape Architecture, College of Arts and Architecture
- Maggie Slattery, Assistant Professor of Bioengineering; Undergraduate Program Coordinator in Bioengineering, College of Engineering
- Katie Smarilli, President, Penn State Alumni Association; and Partner, Murphy McCormack Capital Advisors
- Coquese Washington, Head Coach, Women's Basketball
- Tim Whitehill, Applications System Analyst Manager, University Budget Office
- Brent Yarnal, Chair-Elect of the University Faculty Senate; Professor of Geography, College of Earth and Mineral Sciences

Nan Crouter will serve as Chair of this committee; Dan Hagen will serve as Vice Chair.

Election of Officers of the Board of Trustees

Chairman Peetz called for nominations for President of the Board of Trustees. Trustee Donald G. Cotner nominated Keith E. Masser; the nomination was seconded. There being no further nominations, it was voted that the nominations be closed.

Chairman Peetz called for nominations for the Vice President of the Board of Trustees. Trustee Kenneth C. Frazier nominated Stephanie N. Deviney; the nomination was seconded. There being no further nominations, it was voted that the nominations be closed.

Chairman Peetz called upon Rodney A. Erickson, Secretary of the Board, to proceed with the election of officers. She reminded the board that the *Charter* requires the use of a written ballot.

Dr. Erickson noted that he, by virtue of his position as President of the University, is ex officio the Secretary of the Board of Trustees and nominates individuals for the remaining positions of Associate Secretary; Assistant Secretaries; Treasurer; and Assistant Treasurers. The following individuals were nominated and seconded: Paula R. Ammerman, Associate Secretary; Carmella Mulroy-Degenhart and Wendy L. Peck, Assistant Secretaries; David J. Gray, Treasurer; Deborah M. Meder, and Susan J. Wiedemer, Assistant Treasurers. There being no further nominations, it was voted that the nominations be closed.

Ballots were distributed. Thomas G. Poole and Robert N. Pangborn were appointed as tellers for the election of officers. The following persons were elected for a one-year term:

Keith E. Masser, President
Stephanie N. Deviney, Vice President
Rodney A. Erickson, Secretary (Ex Officio)
Paula R. Ammerman, Associate Secretary
Carmella Mulroy-Degenhart, Assistant Secretary
Wendy L. Peck, Assistant Secretary
David J. Gray, Treasurer
Deborah M. Meder, Assistant Treasurer
Susan J. Wiedemer, Assistant Treasurer

Remarks by Outgoing Chairman of the Board

Chairman Peetz's remarks are included as follows:

"As I thought about speaking to all of you today, I have to admit there were so many thoughts, and frankly, emotions swirling around. I have been deeply involved in Penn State my entire life. From my time as student and an athlete to the chair of this distinguished Board of Trustees, my dedication to and pride for this institution will never change, and never end.

"But today does bring to a close one phase of my involvement. As I announced before the holidays, due to new demands placed upon me with my promotion to President of the Bank of New York Mellon, I will have to reduce the level and intensity of my involvement with Penn State. As many of you know, and especially Keith, service as Chair requires virtually unlimited time and energy. While I have the energy and the desire, when presented with the new position at the BNY Mellon, it was clear the demands of helping transform another historic trillion-dollar institution would preclude such a time commitment here.

"My service on the board, however, will continue. I welcome the opportunity to chair the search for our new president and importantly, for the Blue and White Vision Council, offering a blueprint for Penn State's future. And of course, Keith, you know that I will assist you in any way that I can as you begin your Chairmanship. Keith has been a pillar of strength, reason and thoughtfulness throughout his service as Vice Chair. Keith, I so appreciated your partnership and assistance over the past year. I am thrilled Keith was chosen to serve as Chair, and gratified the Board elected him to this critical position. I am certain as the days ahead unfold our entire university community, students, faculty, staff and alumni, will witness and benefit from those same critical personal attributes. Again, Keith, congratulations.

"I also want express my deepest appreciation for the service of President Erickson. As all of you know, Rod stepped into an incredibly difficult spot and has worked hard, successfully I might add, getting the focus of our community on our mission of education. He has done so with the greatest of grace and class. Of course, Rod hasn't done that alone, and his team, sitting on the back row, also deserves many, many thanks too. As does this team. The Board of Trustees. In our efforts to improve our interaction with the Penn State community, and materially improve our governance, we expanded our standing committees from three to six. The chairs of those committees have been simply outstanding in their efforts they've put into their work. I thank each of you, as well as your vice chairs and the members.

"It's been almost exactly 12 months to the day that I first spoke as Chair of the Board of Trustees. Obviously, much as transpired since then. Most of it good, some of it, as I mentioned before, was difficult and challenging. A lot of it done, and much to still do. At that time I said there were three critical items on our agenda that we needed to, and would address. First and foremost, I pledged that we keep the victims of abuse as our high priority, and that we would focus on fairness and healing. And that we would cooperate fully with Judge Freeh's investigation. As the legal process continues to play out and evolve, the university continues to act with those affected top of mind. Upon the receipt and review of Judge Freeh's report we quickly moved to implement his interim recommendations. We now have underway the promised, careful review of his 119 recommendations. The Board and Administration are committed to finalizing this process by year-end. It is a big, complex assignment. Along with that the University has made notable progress with the Athletic Integrity Agreement. Most recently Senator Mitchell, who is the NCAA's monitor, affirmed that progress. I recognize that Judge Freeh's overall report and the NCAA actions are not without controversy in some circles and have been a source of ongoing conflict. We on the Board, and I personally, do understand the frustration of some of our alumni, highlighted most recently by further publicity concerning the NCAA sanctions. We have met with many alumni over these last 12 months and exchanged our views both formally in meetings like this, and more informally. I do believe the Board is making progress to understand the thoughts and feeling of our alumni while they, presented with the facts, recognize and accept the necessity of change. I am confident with Keith's leadership in this area that we as a community will continue to come together on this and the array of other issues facing Penn State.

"The second point I made a year ago was that the Board, and working with President Erickson, and Penn State as an institution, would improve our openness and transparency, to regain the public trust. We have worked hard to do so, and the fundamental approach to meetings like this is only emblematic of that effort. We have also worked with the Administration to significantly strengthen its infrastructure and enhance the talent level, adding a new Chief Financial Officer, Chief Counsel, and soon, an overall, coordinating Compliance Officer, and a new head of Marketing and Communications. All of these folks providing new perspective and positive cultural change. From the Board perspective, as one of the new committees, we added a Risk and Audit Committee and have focused on developing and executing an appropriate risk, compliance and ethics framework for the University. As I noted earlier we have the Blue & White Vision Council well underway, with the mentoring of former head of the American Council of Higher Education, Dr. Stan Ikenberry. Stan has been a great source of counsel to me as we begin this important effort. Finally, the Presidential search is underway as the council and committee outline what they see as key requirements.

"At a young age we were taught when you're knocked down, you get right back up and confront what knocked you down. We've done that here at Penn State and we will continue to do so. And we've learned from adversity comes strength. We are better today than yesterday, and we will be better tomorrow than today. Thank you for your support over

this past year, and I look forward to continuing my efforts in a new path on behalf of our great University. As my last official act as Chair of this Board, it gives me great pleasure to call forward the twenty-seventh Chair of Penn State's Board of Trustees, Keith Masser." [Petz presents pin to Masser; Applause]

Remarks by Newly Elected Chairman of the Board

Chairman Keith E. Masser offered his remarks as follows:

"Thank you Karen, and my sincerest thanks and appreciation to my fellow members of the Board of Trustees. I'm humbled and honored you have entrusted me with this responsibility. Taking the reins at this time is made easier by the groundwork laid by Karen over the past year. Despite the unprecedented events confronting this University, Karen stepped in and brought our Board together to consider and make difficult decisions, decisions we believed were in the best long-term interests of the entire University. Her biggest achievement however, was not just to successfully deal with the events of the last year. Karen stayed focused on the fundamental strengths of our University, how it could be improved, and how it can best be positioned for the future. As a result, Penn State has dramatically improved our Board's transparency and governance and enhanced the University's infrastructure with new, talented people who are bringing fresh perspectives to key roles. Karen, thank you. Also, President Erickson--you and your team should be recognized for all they have accomplished this past year. Thank you for your commitment to our institution and the students, faculty, staff and alumni we serve.

"Finally, I want to recognize the steadfast support and encouragement I get from three particular Penn State alumni--my wife Helen, and my two children, David and Julie are with us here today. In our house, when we say, '*We are Penn State*,' truer words cannot be spoken. I would also like to recognize my younger sister, Dr. Cynthia Bambara, the Chancellor at the Allegany College of Maryland, for providing me with an insider's perspective to higher education. Nearly a half a century ago I made two of the most important decisions in my life. First I asked Penn State to admit me as a student. They accepted. While at Penn State, I made another life changing decision. I asked Helen to marry me. She also accepted. Looking back to that time, I took a leap of faith that furthering my education and having a great life partner would be crucial to success. I was a seventh-generation farm boy from rural Pennsylvania, and the first in my family to attend college. I was grateful for the opportunity, and Penn State opened my eyes to other career paths, beyond farming and beyond a grueling physical workday. So with a degree in agricultural engineering, I launched what I thought would be a career with Proctor & Gamble. I joined them as a project engineer at one of their paper plants in northern Pennsylvania. My Penn State education, like for so many of my fellow Pennsylvanians, had set me up for that career. But several years later, when family circumstances presented me with the choice of continuing my corporate career or returning to the land, I chose the latter, with all the unpredictability of Mother Nature, as well as the rewards of working on the family farm. And once again Penn State was there for me and my family.

"We worked closely with the educators from Penn State Extension. Their expertise and knowledge helped us build our farm into one of North America's top produce growing, processing, shipping and marketing organizations, leading the industry in food safety, corporate responsibility, and promotion of healthy vegetables. I'm also proud to say that my company, Serman Masser, has been a major contributor to the economic development of our state. I know firsthand, the value of a Penn State education, and have seen the positive resulting economic impact on families and communities. I also know, as I look around this room, that my story is not unique or from a time gone by. Today, there are tens of thousands of students in Pennsylvania and beyond, who need a chance to better their circumstances

through higher education. Keeping a Penn State education affordable and accessible for all students needs to remain our number one priority. Students have been the focus of my family's philanthropy for many years, and doing what's best for Penn State students--present and future--will be the focus of my Chairmanship of this Board. Specifically, that means, as a community, we need to accomplish a few critically important goals.

"First and foremost, we need to attract the next President of Penn State. The good news is that right now everyone--students, faculty, staff, alumni and this Board--are working together to accomplish this goal. I pledge to do my best to move this process forward for the future of Penn State. Second, we need to continue to partner with the Commonwealth of Pennsylvania to achieve our common goals of creating an educated citizenry, promoting workforce development, attracting economic development and continuing our land grant mission. We will need to deal with the fiscal challenges, while maintaining affordable tuition. Third, we need to continue our work in fulfilling our promise to create a safe environment for everyone on our campuses. We need to do this through the strict standards of compliance, governance and oversight improvements that we have been instituting. The world is watching us, and we have a unique opportunity to lead higher education. Finally, I promise to follow the advice often shared in my Pennsylvania Deutsch community, *'Du hab zwee ohre undt een maul, Du sollscht op heere mehr ass du schwetze,'* or in other words, *'You have two ears and one mouth, so you should listen more than you talk.'* I've always tried to take that advice to heart, and over the past year as Vice Chair, I have listened closely to our many constituents. I've heard their passion, disappointment, and anger, but also the pride and optimism for the future. I've also seen our students, faculty and staff strive for excellence in all they do.

"Penn State is a different university than the one that accepted me so many years ago, and it will continue to evolve. But one thing is certain and immutable--Penn State transforms lives. I will be forever grateful for its role in my life, and I look forward to devoting myself to moving this University forward. What we do in the coming months will define Penn State for years to come. We must, as a community, come together to strengthen and improve our University. I pledge to you, my full and dedicated efforts to making that so. Thank you." [Applause]

Chairman Masser noted that the election of members of the Executive Committee is deferred until the March 2013 meeting.

The meeting adjourned at 4:14 p.m.

Respectfully submitted,

Paula R. Ammerman
Associate Secretary
Board of Trustees