

250-1
MINUTES OF MEETING
BOARD OF TRUSTEES
VOLUME 250
May 14, 2010

A meeting of the Board of Trustees was held in the Boardroom of The Nittany Lion Inn, University Park, Pennsylvania, at 10:15 a.m. on May 14, 2010.

The following Trustees were present: Garban (chairman), Surma (vice chairman), Alexander, Arnelle, Broadhurst, Chaiken, Clemens, DiBerardinis, Eckel, Frazier, Hayes, Hetherington, Hintz, Huber, Hughes, Joyner, Junker, Lubert, Masser, Myers, Redding, Riley, Shaffer, Spanier, Strumpf, Suhey, and Surma; and Trustees Emeriti Brosius, Huck, Metzgar, Rowell, Wise, and Wolff.

Present by invitation were faculty representatives Backer, Hagen, and Landa Pytel; student representatives Lozano, Ragland, and Raouda; staff members Ammerman, Baldwin, Bowen, Crouter, Curley, DiEugenio, Dolbin, Erickson, Foley, Horvath, Kirsch, Mahon, Pangborn, Paz, Poole, Romano, Sims, and Weidemann.

Chairman Garban welcomed returning member of the Board, Michael DiBerardinis; the University Faculty Senate Officers, Larry Backer, Daniel Hagen, and Jean Landa-Pytel; student representatives Jonathan Lozano, Christian Ragland, and Mohamed Raouda; and Academic Leadership Chair Ann Crouter.

It was voted to approve the minutes of the meeting of the Board held on March 19, 2010.

President's Report

Dr. Spanier's report is included in its entirety:

"I want to also add my welcome to the new student government leaders--this is an incredible group of representatives we at Penn State have ever had. We are very fortunate to have them in their positions. I'd also like to congratulate Trustee Ken Frazier on his recent promotion to president of Merck & Company. Ken has recently served as head of sales and marketing for Merck's human medicines and vaccines, the biggest division at one of the world's largest pharmaceutical companies. This new move is the 'next step in Ken's development' according to Merck's CEO Richard Clark. Congratulations Ken.

"This spring has seen its share of historic moments. Last week Old Main had a special visitor from the Class of 1942. Shown here is Lila Whoolery Mercatoris, who posed for 'the girl in the blue leotard' in the Henry Varnum Poor fresco behind her. (Slide shown.) Lila was also the University's first female gymnast and unofficial member of the men's gymnastics team before there was a women's team. She had very fond memories of her Penn State experience, although she noted that the artist was extremely strict with the students he painted. He asked them to be very punctual when they were scheduled to stand for their portraits, as he had to mix paint colors with the quick-drying plaster to create the frescos, which are now such an important part of Penn State history.

"We also dedicated three class gifts of historic importance. The restoration and display of the Old Main Bell from the Class of 2009, which we had the pleasure of ringing with the original clapper. Shown here is Skip Smith, who helped to reunite the bell and clapper. (Slide shown.)

"We dedicated the 2005 Class Gift, the Student Life Promenade, which depicts 150 years of student life at Penn State; and the 2008 Class Gift, the Atherton and Curtain Gateway. This year we will also be losing a little bit of Penn State history.

"John Romano, vice president for the Commonwealth Campuses, is retiring after 40 years at Penn State. This is his last Board of Trustees meeting, but we'll have a chance to say goodbye and tell a few stories about him at a farewell reception in June.

"Nancy Eaton, dean of University Libraries and Scholarly Communications, will be retiring July 31st. She has been with Penn State since 1997. And I'm afraid retirement is

contagious because Carolyn Dolbin, my assistant for 15 years and a Penn State staff member for 44 years, recently announced her retirement effective September 30th. Carolyn is the University's chief confidant, organizer, friend raiser, den mother, problem solver and protocol officer. She knows everyone and everything. She is trusted by all, can turn mean-spirited people into happy campers and has flawless judgment. She can see trouble around corners. Her instincts have allowed her to stay a step ahead of three presidents and contribute profoundly to their successes. For all that and more, my wife refers to her as Saint Carolyn. We'll have more to say in upcoming months but for now feel free to direct your congratulations to Carolyn and your condolences to me.

"This weekend marks the 364th commencement exercise in Penn State's history. University-wide, 12,413 students will graduate--582 with associate degrees; 10,106 with baccalaureate degrees; 1,167 with graduate degrees; 148 with medical degrees; and 195 with law degrees. Since our founding, Penn State has awarded over 666,000 degrees. As I preside over ceremonies and watch the students cross the stage, I can't help wondering if I'm about to shake hands with a future CEO, Hollywood star, national leader, or Board of Trustees member. As an aside, I also wonder if someone's shoe will fall off as they climb the stage or if I need to remember one of the various secret handshakes from any number of student societies.

"As this very strong class leaves, we're preparing to welcome a new class of impressive students. This has been another record setting year in the number of admissions applications received. Total applications for all campuses have passed the 106,000 mark and are ahead of last year by about seven percent. Graduate applications are ahead of last year by 13 percent, and we have received more undergraduate applications to date than in any prior year. International applications are up by 24 percent; applications to the Dickinson School of Law are up 31 percent and applications to Hershey are up seven percent.

"We are also up in the number of paid accepts needed to meet our enrollment goal of 7,350 summer/fall students at University Park. Out-of-state acceptances are up 17 percent and Pennsylvania acceptances are up five percent compared to last year. The Commonwealth Campuses are also on track for a robust enrollment year with significant increases in minority and international students.

"Turning our attention to our faculty, I'm pleased to announce a few recent honors and awards. Three Penn State faculty members were named Evan Pugh Professors, joining a list of only 59 others given this title since its inception in 1960. Evan Pugh Professorships are the highest honor the University bestows on its faculty. The latest honorees are:

- Judith S. Bond, Distinguished Professor and Chair of Biochemistry and Molecular Biology, College of Medicine. Her research has focused on the structure, function and regulation of enzymes and has advanced the diagnosis of a number of chronic diseases.
- Donald C. Hambrick is the Smeal Chaired Professor of Management. His current research focuses on executive psychology, top management team dynamics, and the history and evolution of the field of strategic management.
- Finally, Thomas Mallouk is the DuPont Professor of Materials Chemistry and Physics in the Eberly College of Science. His research is aimed at studying the chemistry of nanoscale inorganic materials.

"Two faculty members were honored by being named Fellows in the American Academy of Arts and Sciences. They are Richard Alley, Evan Pugh Professor of Geosciences and Péter Mészáros, Eberly Chair of Astronomy and Astrophysics and professor of physics. He is also the Director of the Center for Particle Astrophysics.

"At your places you have a brochure on the Penn State Hershey Cancer Institute. Prepared by the architecture firm Payette Associates, this beautiful booklet provides a detailed and interesting look at the Cancer Institute, which is the first phase of a 500,000 square foot project that includes the Children's Hospital and the renovated and expanded Emergency Department. This project demonstrates Penn State's commitment to design quality, efficient use of resources and an integrated landscape approach.

"This philosophy underlies all of our building projects and is evidenced in the multitude of projects underway this summer on our University Park campus. We will undertake 220 projects, having a total value of \$111,500,000, in addition to the ongoing Millennium Science Complex, which is looking more impressive with each passing week.

"Our new summer projects include the Fraser Road Reconstruction and Streetscape, sidewalk replacement on central campus, classroom upgrades, and the East Campus Steam Plant.

"Penn State is working to minimize our impact on the environment, and for the fourth year in a row Penn State leads the Big Ten and ranks third in the nation among colleges and universities in the amount of green power it uses, according to the Environmental Protection Agency. Currently, Penn State purchases about 20 percent of the electricity the University consumes from biomass, small hydroelectric sources and wind. The website green.psu.edu and the Center for Sustainability brochure are filled with information on Penn State's leadership in this area.

"Notably, our faculty members are also heavily involved in research on sustainability issues. Penn State was recently awarded a \$5 million Department of Energy Award to create a GridStar Center. This is our third major DOE award in the last year. The GridStar Center will provide education, training and stewardship needed to design, construct and operate a reliable, efficient, environmentally sound, and safe smart grid.

"Moving on to the arts and humanities. This past academic year we had the pleasure of seeing Tony Leach perform as the Penn State Laureate. He carried out his duties with his usual style, creativity and incredible talent. Now I'm very pleased to announce that this year's Penn State Laureate will continue the tradition of the last two years, while bringing her unique voice to the position.

"The 2010-2011 Penn State Laureate is Robin Becker, Professor of English and Women's Studies. Robin is a renowned poet and has published six collections of poems. Her work has been praised as 'a stunning achievement,' and the *Library Journal* commented that 'Becker builds solid, well-crafted poems out of everyday materials, thereby capturing life as it is lived.'

"Robin earned a B.A. and M.A. from Boston University and taught for seventeen years at the Massachusetts Institute of Technology. Robin is currently out of town, but there will be other opportunities to meet her throughout the year.

"Since our last meeting, Penn State won another NCAA Championship--this time in Fencing. This is the team's 12th championship; the fifth national title in the decade. The team has flourished under the direction of Coach Kaidanov, one of the winningest coaches in collegiate fencing history. Emick has coached our men for 28 seasons and our women for 25 - his winning percentage is 93 percent.

"He has coached one four-time NCAA Champion, eight Olympians, and 185 All-Americans, including nine last year. We are very fortunate to have Emick and two of the fencers with us today: Max Dettlinger and Michael El-Saleh. Please join me in recognizing them. Thank you. (The Coach and players stand to be recognized.)

"The Penn State Women's Rugby team proved itself to be a national powerhouse this spring. The women played Stanford for the national championship and won a decisive 24-7 victory. This gives the Penn State women's rugby team its sixth national championship and first back-to-back titles in program history.

"The men's Rugby Team at Penn State Berks also joined the winner's circle this spring. Penn State Berks won the Division 3 National Collegiate Championship in a dramatic victory after fending off a strong last minute attack by Keene State. The national championship is the first for any Penn State Berks sports team.

"The Men's Volleyball team also fought hard this spring, going from a No. 12 ranking to reach the NCAA national championship finals in Stanford last weekend. The Lions fell to Stanford in three sets, but the team played well against an experienced opponent. Coach Mark Pavlik is already talking about next year's comeback, so keep your eye on this program.

"Earlier this week we hosted the 15th annual Road Scholars bus tour. Trustee Riley and I traveled with 50 new faculty members from 15 different campuses. We took a southeastern route, and made stops that included the Hershey Medical Center, Penn State Berks, the Philadelphia Museum of Art, Reading Terminal Market, Penn State Abington, Penn State Great Valley, Brubaker Farms and the State Capital. This road trip is always a great time and a great opportunity for faculty to better understand that Penn State is one university, geographically dispersed. I hope others of you will join us next year.

"Finally, I want to express my appreciation for your role in the successful public launch of *For the Future: The Campaign for Penn State Students*, which was held Blue-White weekend. At the start of the week we had \$980 million in gifts and commitments. Through an incredible effort by Rod Kirsch, Peter Tombros, our campaign volunteers and the development staff, Penn State documented \$24 million in new gift commitments from 26 donors in the three days before the Kick-Off event. I was proud to announce to the more than 1,000 dinner guests that we had passed \$1.4 billion--more than halfway to the \$2 billion goal. I want to offer a special thank you to John Surma and his wife Becky for their most recent gift of \$5 million, which will endow and name the dean's chair in the Smeal College of Business. Thank you for contributing to what Rod Kirsch described as one of the most amazing feats of fundraising that he has witnessed in his 27-year career. Would the Board please join me in thanking John and Becky Surma? (Applause.) And also, please recognize Rod Kirsch and his team of volunteers and staff members. (Applause.)

"Now I'd like to show you the campaign video we premiered during Kick-Off weekend. It was produced by Penn State Public Broadcasting and celebrates the deep impact that philanthropy has had at Penn State. It also shows the great potential that still exists to transform this institution and change the lives of our students and faculty. Please enjoy. After the video I'll take your questions. (Video shown.)

"Now I would be happy to take your questions."

President Spanier received comments and questions concerning:

- Campus capacity to accommodate increased enrollments for Fall 2010; and
- Fencing terminology and events [Max Dettlinger and Mike El-Saleh provided information on the three fencing elements and rules of engagement].

Chairman Garban also recognized the service of John J. Romano, who is retiring on June 30 following an impressive 44 years of service to the University. A Penn State mantle clock was presented in appreciation.

Update on the Implementation of the "Priorities for Excellence: The Penn State Strategic Plan 2009-10 through 2013-14"

Dr. Rodney A. Erickson, Executive Vice President and Provost of the University, provided an update on the first-year implementation progress of the "Priorities for Excellence." [A visual presentation was given.]

Informational Report on the University Faculty Senate

Dr. Lee D. Coraor, Immediate Past Chair of the University Faculty Senate and Associate Professor of Computer Science and Engineering, provided a report on the activities of the University Faculty Senate for 2009-10.

Prior to the reports of the Standing Committees, Chairman Garban introduced Barbara Dewey, dean-elect of University Libraries and Scholarly Communications; and Dr. Madlyn Hanes, vice president-elect for Commonwealth Campuses. They will assume their new responsibilities effective August 1, 2010, and July 1, 2010, respectively.

Reports from Standing Committees

A. Committee on Campus Environment

Chair Alexander reported that a quorum of the Committee on Campus Environment was present with the following members in attendance: Alexander (chair), Hughes (vice chair), Garban and Spanier (ex officio), DiBerardinis, Frazier, Hetherington, Huber, Redding, and Suhey. There were no recommendations for action to present to the Board of Trustees.

Chair Alexander reported that since the occasion of the last meeting, the Committee had an opportunity to explore the topic of developing in our students an understanding of and commitment to the principles of citizen leadership. The University attempts to do many things, but among its foremost ambitions is to produce leaders who are constructively engaged in substantial matters of public concern. Penn State provides its students the preparation for effective citizenship both in the classroom and beyond, and the breadth of activities associated with that ambition is remarkable.

It was noted that President Spanier has called for greater attention to the moral and civic purposes of the student experience. As the University provides its students the technical competence required to succeed, it also must shape their values and civic commitment. It must impress upon them the urgency of becoming contributing members of their communities and wrestling with matters of public concern in collaborative, purposeful ways while they are still students.

From a panel of students, faculty, and staff convened by Damon Sims, the Committee learned about various initiatives and organizations that give our students that opportunity. These efforts include pedagogical strategies employed by our faculty in the classroom and service learning opportunities for our students beyond the classroom. They include student organizations that focus on public issues and democratic processes and bring civic responsibility center stage. They embrace volunteerism, most notably in the form of THON, and political action through environmental groups, voter registration drives, advocacy forums, and more.

The activities at our University that are designed to encourage civic awareness and participation among students are so many that they are difficult to summarize. More and perhaps better strategies for this purpose are in the works, both at University Park and on the campuses. Partnerships that involve Student Affairs, Undergraduate Education, Outreach, Global Programs, and others are taking hold, and we are optimistic that the attention of our students toward matters of public concern will grow as it should in the years ahead.

B. Committee on Educational Policy

Chair Hayes reported that a quorum of the Committee on Educational Policy was present with the following members in attendance: Hayes (chair), Joyner (vice chair), Garban and Spanier (ex officio), Arnelle, Junker, Myers, Riley, and Shaffer.

The Committee on Educational Policy recommended that the Board of Trustees approve the following resolution:

1. **RESOLVED**, That the Board of Trustees hereby approves the naming of the "John A. and Willie Leone Family Department of Energy and Mineral Engineering in the College of Earth and Mineral Sciences" in accordance with the gift agreement between John A. and Willie Leone and The Pennsylvania State University.

Chair Hayes reported that since the last meeting, the Committee had an opportunity to learn about Computer and Network Security at Penn State. Information technology infrastructures are of critical importance to the operation and mission of the University. The nature of IT infrastructures, however, and the people that depend upon those infrastructure, make them both vulnerable to a myriad of threats. Security and Operation Services in Information Technology Services is tasked with protecting the University's IT infrastructures, helping others to do the same in our distributed environment, positioning the University to be compliant with an ever increasing number of complex legal regulations and policies, and to be Penn State's leaders in mobilizing to protect against the security threats of today and the future. The Committee learned about and discussed the inner workings of this group, the tools it uses, and the current and future state of IT security at Penn State.

The Committee received the following items for information:

1. Information on Undergraduate Programs
 - a) Natural Resources Engineering Option in the Bachelor of Science in Biological Engineering in the College of Agricultural Sciences: New Option; and Food and Biological Processing Option in the Bachelor of Science in Biological Engineering: in the College of Agricultural Sciences: Change of Name from the Biological and Food Engineering Option
 - b) Bachelor of Science in Economics in The Mary Jean and Frank P. Smeal College of Business: Phase-Out of Program
 - c) Minor in Chemical Engineering in the College of Engineering: Phase-Out of Minor
 - d) Minor in Global Health in the College of Health and Human Development: New Minor

The Board voted to approve the action items as recommended by the Committee on Educational Policy.

C. Committee on Finance and Physical Plant

Chair Strumpf reported that a quorum of the Committee on Finance and Physical Plant was present with the following members in attendance: Strumpf (chair), Garban and Spanier (ex officio), Broadhurst, Chaiken, Clemens, Eckel, Hintz, Lubert, Masser, and Surma.

Chair Strumpf reported that since the last meeting, the Committee had the opportunity to receive information on the operating budget for the next two fiscal years.

The Committee on Finance and Physical Plant 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 and Physical Plant at its meeting of May 14, 2010.

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 the Atmosphere Storage Building at University Park is renamed the "Insectary."
4. RESOLVED, That the new softball stadium at University Park is named the "Nittany Lion Softball Park."
5. RESOLVED, That pending adoption of a new budget to reflect clarification of the amount and form of the State appropriation, and subsequent decision regarding the amount of tuition charges, adjustments to salaries, wages, and employee benefits, and provisions for fuel and utilities and other cost increases, the Board of Trustees approves continuation for the interim period beginning July 1, 2010, total budget amounts at the level of the adjusted 2009-10 budget as follows:

	<u>University Park and Other Locations</u>	<u>College of Medicine</u>	<u>Pennsylvania College of Technology</u>	<u>Total University</u>
General Funds	\$1,615,391,000	\$94,112,000	\$91,793,000	\$1,801,296,000
Agricultural Federal Funds	19,995,000			19,995,000
Restricted Funds	538,292,000	80,000,000	22,990,000	641,282,000
Auxiliary Enterprises ^a	316,778,000	4,144,000	23,778,000	344,700,000
Total	\$2,490,456,000	\$178,256,000	\$138,561,000	\$2,807,273,000
Milton S. Hershey Medical Center				992,223,000
Total Funds				\$3,799,496,000

^aIncludes increase in room and board charges as approved by the Board of Trustees, November 6, 2009.

6. RESOLVED, That the transaction whereby the University, through the Office of the Senior Vice President for Finance & Business, contract with Occupational Athletics, Inc., for a pilot program focused on the development of a wellness strategies manual at a cost-not-to-exceed \$30,000 is approved.

7. RESOLVED, That the final plans for the new Moore Building Addition as designed by the firm of Kling Stubbins of Philadelphia, Pennsylvania, are approved.

BE IT FURTHER RESOLVED, That authorization to obtain bids and award contracts to construct the project be approved at a cost of \$26,100,000 from funds available to the University.

8. RESOLVED, That the Board of Trustees approves the acquisition of the property containing approximately 118 acres located at 4415 Steimer Road, Harborcreek Township, Erie County, from The Gospel Hill Golf & Country Club, Inc. and Rebecca Kathman/Linda Milton for \$1,185,000.

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

9. RESOLVED, That the Board of Trustees approves the acquisition of the property containing approximately 1.275 acres located at 1445 West College Avenue, Ferguson Township, Centre County, Pennsylvania, from Craig W. and Kathleen L. Kissell for \$2,600,000.

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

10. RESOLVED, That the Standing Orders of the Board of Trustees of The Pennsylvania State University, as reflected in the Appendix attached hereto and made a part hereof, are approved effective July 1, 2010.

(See Appendix I)

[The approvals of Action Items C.7 and C.10 reflect editorial amendments made at the meeting.]

The Committee received the following items for information:

1. Naming of Rooms, Portions of Buildings and Plazas
 - a) A small group study pod in the Knowledge Commons of Pattee Library the "Mabel C. and John P. Crispell Small Group Study Pod," for a gift from Mabel and John Crispell.
 - b) The newly renovated Deike Building Plaza for a gift from the HRH Foundation. The plaque should read Deike Building Plaza, Gift from HRH Foundation.
 - c) The atrium that connects the existing Moore Building with the new addition the "Tracy Winfree McCourtney Atrium," for a gift from Tracy and Ted McCourtney.
 - d) The complex comprised of the Brazeale Nuclear Reactor and its associated facilities the "Radiation Science and Engineering Center."
2. Status of Major Construction Programs and Borrowing
3. Review of the physical plant at Penn State DuBois, site of the July 9, 2010 meeting.
4. A photo report on the progress of selected construction projects was presented including: the Children's Hospital and the Parking Deck in Hershey, the Residence Hall at Penn State Harrisburg, and the Millennium Science Complex Building at University Park.

The Board voted to approve the action items as recommended by the Committee on Finance and Physical Plant.

Pending Legal Matters

Vice President and General Counsel Cynthia Baldwin noted there were no pending legal matters.

Appointment of Members, Board of Directors of The Milton S. Hershey Medical Center

The Board of Trustees voted to adopt the following resolution:

RESOLVED, that the following individuals are appointed as members of the Board of Directors of The Milton S. Hershey Medical Center for a three-year term ending June 30, 2013:

James S. Broadhurst
L. J. Rowell, Jr.
Gary C. Schultz

Report on the Election of Trustees by Alumni

The report of the election of Trustees by alumni was presented by Anne Riley (See Appendix II). It was reported that the following candidates, having received the highest number of votes cast, were elected to the Board of Trustees for a term of three years beginning July 1, 2010:

Stephanie N. Deviney
Steve A. Garban
Paul V. Suhey

The report of the results of the election of Alumni Trustees was approved.

Report on the Election of Trustees by Agricultural Delegates

The report of the election of Trustees by delegates from agricultural societies was presented by Chairman Steve Garban (See Appendix III). It was reported that the following candidates were elected by the respective societies to the Board of Trustees for a term of three years beginning July 1, 2010:

Keith W. Eckel
Samuel E. Hayes, Jr.

The report of the results of the election of Agricultural Trustees was approved.

Election of Trustees Representing Business and Industry Endeavors

The Board of Trustees voted to adopt the following resolution:

RESOLVED, that the following individuals are elected as members of the Board of Trustees representing business and industry endeavors for a three-year term beginning July 1, 2010:

Karen Peetz
John P. Surma

Announcements by the Chairman of the Board of Trustees

Chairman Garban in his remarks:

- Congratulated Trustees Eckel, Hayes, Suhey, and Surma on their reelection to the Board;
- Noted that Ted Junker will complete his term as Trustee on June 30; and thanked him for his service; and
- The review of committee and other assignments will be occurring over the course of the next few weeks.

The meeting adjourned at 2:45 p.m.

Respectfully submitted,

Paula R. Ammerman
Associate Secretary
Board of Trustees