

1. **Roll Call**
2. **Approval of the Minutes of Previous Meetings**

Will the Board of Trustees approve the minutes of the meeting of the Board held on February 26, 2016?

3. **President's Report**
4. **Provost's Report**
5. **Reports from Standing Committees**

Discussion of action and/or information items by the Standing Committees for consideration by the Board of Trustees:

A. Committee on Academic Affairs and Student Life – M. Abraham Harpster, Chair

- 1) **Discussion of Consent Agenda Items Provided for Information or Approval of the Committee on Academic Affairs and Student Life:**

Information Items -

- a) Information on Undergraduate Programs
- b) Information on Graduate Programs

(See Appendix I)

- 2) **Proposed Change in the Name of the Division of Business and Engineering to the Division of Business, Engineering, and Information Sciences and Technology (BEIST), Penn State Altoona**

Penn State Altoona is proposing to change the name of the Division of Business and Engineering. Due to the adoption of the Bachelor of Science degree in Security and Risk Analysis (SRA) at Penn State Altoona, the Information Sciences and Technology (IST) faculty are now responsible for one of the three cornerstone undergraduate programs in the Division of Business and Engineering. The growth of the SRA major in terms of students, faculty members, institutional influence and external exposure makes it appropriate to recognize and represent the SRA program and IST faculty in the name of the division. Acknowledgement of the program will create a more visible and credible public face for students entering the workforce as well as for faculty members engaged in research.

The proposal has been favorably reviewed by faculty members in the division and by the University Faculty Senate Council. It is endorsed by the Chancellor and Dean of Penn State Altoona and the Penn State Altoona Faculty Senate.

Will the Board of Trustees adopt the following resolution:

RESOLVED, that the name of the Division of Business and Engineering at Penn State Altoona be changed to the Division of Business, Engineering, and Information Sciences and Technology (BEIST), retroactively effective November 2015.

3) **Proposed Change in the Name of the School of Languages and Literatures to the School of Global Languages, Literatures, and Cultures, College of the Liberal Arts**

The College of the Liberal Arts is proposing to change the name of the School of Languages and Literature. This proposal is for a change in name only; it would not affect the status of the School or the departments within it, nor would it affect the School's relationship to the College, University, or other departments.

The School consists of all five of our modern language departments: the Department of Asian Studies, the Department of Comparative Literature, the Department of French and Francophone Studies, the Department of Germanic and Slavic Languages and Literatures, and the Department of Spanish, Italian, and Portuguese. In addition, the School includes the federally funded Title VI Center for Global Studies and the Summer Language Institute.

The School was established in 1998 and in 2010 all modern language departments became part of it. At the time, its focus was on languages and literatures. Since it was founded, the School's mission has become more broad and interdisciplinary, adding the major in global and international studies, the Center in Global Studies, and the dual title programs in Asia and African studies with partners in non-language fields. It now offers programs in languages from around the globe. The approach to teaching languages has also changed to increase its cultural dimensions. This change is in line with trends in other institutions that have schools, divisions, and centers of languages.

The name change reflects the global focus of the teaching and research of the departments of the School, and also reflects the School's increased emphasis on world cultures. The proposal has been favorably reviewed by faculty in the school, by faculty in other units with an interest in international languages and culture, and by the University Faculty Senate Council. It is endorsed by the Dean of the College of the Liberal Arts.

Will the Board of Trustees adopt the following resolution:

RESOLVED, that the name of the School of Languages and Literatures in the College of the Liberal Arts be changed to the School of Global Languages, Literatures, and Cultures, effective immediately.

4) **Proposed Change in the Name of the Department of Meteorology to the Department of Meteorology and Atmospheric Science, College of Earth and Mineral Sciences**

The College of Earth and Mineral Sciences is proposing to change the name of the Department of Meteorology. This proposal is for a change in name only; it would not change the relationship of the unit to the College, University, or to other departments.

The public perceives meteorology to be weather and weather forecasting, and also perceived as not being very scientific. This perception of meteorology is encountered regularly when faculty members talk to visiting high school students and their parents. In contrast, atmospheric science is defined to encompass broader fields of endeavor, such as climate, atmospheric chemistry, atmospheric radiation, cloud physics, turbulence, risk analysis and data assimilation. These

fields also are viewed as being more quantitative. The Department of Meteorology currently includes internationally recognized faculty in weather and weather forecasting, as well as these other topics in atmospheric science.

Changing the name to the Department of Meteorology and Atmospheric Science will correctly identify the full breadth of faculty research and teaching expertise, help students to better recognize what the department offers, and still respects the long tradition in weather and weather forecasting. Many faculty members are internationally recognized for their work in both meteorology and atmospheric science.

The proposal has been favorably reviewed by faculty in the department, by department heads and directors of departments, institutes, and programs that interact regularly with Meteorology, and by the University Faculty Senate Council. It is endorsed by the Dean of the College of Earth and Mineral Sciences.

Will the Board of Trustees adopt the following resolution:

RESOLVED, that the name of the Department of Meteorology in the College of Earth and Mineral Sciences be changed to the Department of Meteorology and Atmospheric Science, effective immediately.

5) **Proposed Change in the Name of the Department of Anesthesiology to the Department of Anesthesiology and Perioperative Medicine, College of Medicine**

The College of Medicine is proposing to change the name of the Department of Anesthesiology. This proposal is for a change in name only; it would not change the relationship of the unit to the College, University, or to other departments.

The change in name realizes developments in the Specialty of Anesthesiology nationally and recognizes the role that the Anesthesiology Department Faculty and Residents currently play in the Medical Center and College of Medicine. The Specialty of Anesthesiology has developed extensively beyond the operating room, through preoperative and postoperative medical and pain management as well as intensive care management. In addition, the medical care of patients perioperatively is becoming highly specialized. Thus broadening the role of the Specialty of Anesthesiology to recognize this is both timely and necessary.

Changing the name to the Department of Anesthesiology and Perioperative Medicine is in line with the broadening educational scope and clinical involvement of the Specialty of Anesthesiology.

The proposal has been favorably reviewed by faculty in the department, the Clinical Chairs Council (comprised of the Chairpersons of the Clinical Faculty) the Vice Deans of the College of Medicine and by the University Faculty Senate Council. It is endorsed by the Dean of the College of Medicine.

Will the Board of Trustees adopt the following resolution:

RESOLVED, that the name of Department of Anesthesiology in the College of Medicine be changed to the Department of Anesthesiology and Perioperative Medicine, retroactively effective September 2015.

- B. **Committee on Audit and Risk** – Walter C. Rakowich, Chair
- C. **Committee on Compensation** – Paul H. Silvis, Chair
- D. **Committee on Finance, Business and Capital Planning** - Mark H. Dambly, Chair

1) **Discussion of Consent Agenda Items Provided for Information or Approval of the Committee on Finance, Business and Capital Planning:**

Information Items –

- a) Thomas Building and Greenberg Renovations for Swing Space, University Park
- b) 331 Building Fit Out, Innovation Park
- c) Grange Building Renovations, University Park
- d) Reber Building HVAC Upgrades, University Park
- e) Chambers Building Renovations, University Park
- f) Track and Field Stadium Track Replacement, University Park
- g) Cellular and Molecular Physiology Laboratory Renovations, The Milton S. Hershey Medical Center
- h) Delta Pointe Medical Facility, The Milton S. Hershey Medical Center
- i) Naming of the building at 2185 Sandy Drive, State College, PA the “Science Park Library Annex”
- j) Naming of Rooms, Portions of Buildings, and Plazas
- k) Status of Major Construction Programs and Borrowing
- l) Long Term Investment Pool Report

Action Items –

- m) Summary of Revised Funds
- n) Summary and Acknowledgement of New Funds and Major Commitments
- o) Proposed Naming of Various Roads, University Park

(See Appendix II)

2) **Consideration of Proposed Interim Maintenance and Operating Budget for the University for the Fiscal Year Beginning July 1, 2016**

In order for the University to have an approved fiscal operating plan for the year beginning July 1, 2016, it is proposed that an interim budget be adopted.

Due to the pending status of the State appropriation, it is recommended that no action be taken at this time on changes in tuition, salaries and wages, employee benefits, or other necessary expense increases. A final budget will be submitted at the July 22, 2016 Board of Trustees meeting when the State appropriation is clarified.

Will the Board of Trustees adopt the following resolution:

RESOLVED, That pending adoption of a new budget to reflect clarification of the amount and form of the State appropriation, and subsequent decisions 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, 2016, total budget amounts at the level of the adjusted 2015-16 budget as follows:

	University Park and Other Locations	College of Medicine	Pennsylvania College of Technology	Total University
General Funds	\$ 1,893,247,000	\$ 123,805,000	\$ 109,042,000	\$ 2,126,094,000
Agricultural Federal Funds	21,862,000			21,862,000
Restricted Funds	542,995,000	106,600,000	16,060,000	665,655,000
Auxiliary Enterprises ^a	396,332,000	3,644,000	28,953,000	428,929,000
Total	\$ 2,854,436,000	\$ 234,049,000	\$ 154,055,000	\$ 3,242,540,000
Milton S. Hershey Medical Center				1,649,693,000
Total Funds				\$ 4,892,233,000

^a Includes increase in room and board charges as approved by the Board of Trustees, February 26, 2016.

3) Proposed Final Plan Approval and Authorization to Expend Funds, Agricultural Engineering Building Renovation, University Park

The Agricultural Engineering Building was built in 1940. Currently this building houses the Agricultural and Biological Engineering, or “ABE” Department. The department’s mission is to advance the engineering sciences, business, and technical management of agricultural systems. These systems include production, processing, utilization and value recovery of biological products and the management of natural resources. The work done in the ABE department will continue to grow in importance over the next several decades, as they seek to find the means to feed the planet’s increasing population.

The ABE Department has outgrown its antiquated facilities. Undergraduate enrollment has increased by 260% since 2001 and research expenditures have grown by 220% in the past ten years. Further, new technologies and teaching approaches demand different spaces than those built in 1940. The architects have designed a complete renovation of the historical Klauder-designed front section of the building, and the rear of the building will be replaced. Upon completion of the renovation, department faculty will be consolidated into a 93,522 gross square foot building. The reorganization of spaces will increase the assignable square footage of the building from 44,300 to 55,974 square feet. Conference rooms, computer labs, and student areas will be improved and aging infrastructure and HVAC systems will be replaced. Accessibility and pedestrian flow will also be improved.

Will the Board of Trustees adopt the following resolutions:

RESOLVED, That the final plans for the Agricultural Engineering Building Renovation at University Park, as designed by the firm of EYP of New York, New York, are approved.

FURTHER BE IT RESOLVED, That authorization to award contracts to construct the project be approved at a cost of \$44,500,000.

4) **Proposed Appointment of an Architect, Final Plan Approval and Authorization to Expend Funds, Women's Health Unit Renovations, The Milton S. Hershey Medical Center (MSHMC)**

The Women's Health Unit on the third floor of the Medical Center has seen ever increasing volumes of natural and C-section deliveries (currently 1,900+ births/year) and must be renovated and expanded to address quality improvements and to ensure safe outcomes. The unit contains delivery and operating rooms as well as bedrooms for before and after deliveries. It was last renovated in 1989. Existing space was made available for expansion of the unit by relocating outpatient functions to an East Campus location in early 2016.

In December 2012, MSHMC advertised a request for proposals for professional design services. A selection committee comprised of representatives of MSHMC interviewed shortlisted hospital planning and design teams for the Women's Health Unit renovations. Based upon a qualifications-centered process, the committee selected the firm of Poltronieri Tang and Associates.

The first phase of the project, reported to the Board of Trustees in July 2015 and under construction now, includes west wing patient rooms being enlarged to comply with current codes. These are scheduled to be occupied in May 2016.

A master planning process has identified additional key improvements to the Women's Health Unit to meet present and future needs. The project under consideration today consists of renovating approximately 16,500 square feet of existing and support spaces such as the newborn nursery, four state-of-the-art triage rooms, and the entire care providers and equipment areas including locker rooms. In addition, the project includes redesigned restrooms, mother's lactation area, and family lounge. The 45 year-old heating, ventilation, and air conditioning system will be replaced.

Future project phases designed by Poltronieri Tang and Associates include a C-section operating room suite, renovations to five Labor and Delivery rooms, and renovations to patient rooms in the East Wing.

Final plans for future project phases will be brought to the Board of Trustees for approval when designed and final costs have been established.

Will the Board of Trustees adopt the following resolutions:

RESOLVED, That the Officers of the University are authorized to employ Poltronieri Tang and Associates of Swarthmore, Pennsylvania, to design the renovations to the Women's Health Unit at The Milton S. Hershey Medical Center.

FURTHER BE IT RESOLVED, That the Officers of the University are authorized to employ Poltronieri Tang and Associates of Swarthmore, Pennsylvania, to design future phases of renovations to the Women's Health Unit at The Milton S. Hershey Medical Center.

FURTHER BE IT RESOLVED, That the final plans for Phase Two of Women's Health Unit Renovations at The Milton S. Hershey Medical Center, as designed by Poltronieri Tang and Associates, are approved.

FURTHER BE IT RESOLVED, That authorization to expend funds to construct Phase Two is approved at a cost of \$11,000,000.

5) **Proposed Purchase of MPI Building, University Park**

The University has the opportunity to acquire property at 3058 Research Drive, Ferguson Township, State College, from MPI Research, Inc. The acquisition includes an 18,000 square foot, three story building used as office and wet laboratory space. The property would be utilized as swing space by the College of Engineering as well as potential additional incubation space.

Located directly across from other University properties, the .84 acre property has been offered to the University for \$2,250,000. The acquisition is contingent upon the property being determined to be in acceptable condition by campus representatives and the Office of Physical Plant.

Will the Board of Trustees adopt the following resolutions:

RESOLVED, That the Board of Trustees approves the acquisition of the property at 3058 Research Drive in Ferguson Township, comprised of .84 acres and a three story 18,000 square foot building, from MPI Research, Inc. for \$2,250,000.

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

6) **Proposed Revised Multi-Year Capital Plan Assessment on Housing Room Rates for Fiscal Years 2017-2023**

At the February 2016 meeting of the Board of Trustees, the Board approved a multi-year Capital Assessment to provide the necessary financial support for the Housing and Food Services Capital Plan.

Appendix III represents a revision to the multi-year capital assessment that was approved in February 2016. The revision is the result of an accelerated plan for the renovations of East Halls and Pollock Halls.

Will the Board of Trustees adopt the following resolution:

RESOLVED, That the annual room rates for all locations between fiscal years ending 2017-2023 be further adjusted over and above the annual operating costs for housing by the amounts shown in Schedule I attached hereto and which is part of this resolution.

(See Appendix III)

E. **Committee on Governance and Long-Range Planning** - Keith W. Eckel, Chair

1) **Proposed Appointment of Members, Board of Directors of The Milton S. Hershey Medical Center**

On February 24, 2016, the Board of Directors of The Milton S. Hershey Medical Center ("Medical Center") approved amendments to its Bylaws which changed the composition of the membership of that Board to provide for twelve members selected as follows: (i) seven (7) directors to be appointed by the Board of Directors of Penn State Health (subject to confirmation by the Board of Trustees), (ii) three (3) independent directors, (iii) one (1) clinical chair to be designated as a director by the Medical Center's clinical chairs, and (iv) the CEO to serve *ex officio* as a director. In addition, the Chair and Vice Chair of the Medical Center Board are to be designated by Penn State Health. These amendments will become effective upon filing the Amended Articles of Incorporation for the Medical Center, now planned for May 9, 2016.

In anticipation of the amended Bylaws taking effect, on April 5, 2016, the Penn State Health Board of Directors appointed four individuals to the Medical Center Board subject to confirmation by the Board of Trustees. Appointments of the three remaining director positions will occur in July.

Candidates Masser, Robinson and Brenckle currently serve on the Medical Center Board through direct appointment by the Board of Trustees. This reappointment is necessary to allow them to serve for revised terms of office. Ms. Arnold would be a new director.

Accordingly, the Board of Directors of Penn State Health has recommended to the Board of Trustees confirmation of the following appointments to the Board of Directors of The Milton S. Hershey Medical Center, for terms to expire on the dates indicated.

Will the Board of Trustees adopt the following resolution:

RESOLVED, that the appointment of the following individuals to the Board of Directors of The Milton S. Hershey Medical Center is hereby confirmed, with terms to commence upon the filing of Amended Articles of Incorporation for The Milton S. Hershey Medical Center (as approved on February 24, 2016) and to expire on the dates indicated:

Keith E. Masser (term to expire on June 30, 2019)
Jeanne D. Arnold (term to expire on June 30, 2019)
Barry K. Robinson (term to expire on June 30, 2018)
Dennis P. Brenckle (term to expire on June 30, 2017)

2) **Proposed Revision to the *Bylaws* of the Board of Trustees**

It is proposed to amend the *Bylaws* of The Pennsylvania State University to incorporate amendments previously adopted by the Board of Trustees in March 2014 but inadvertently omitted from the current *Bylaws*.

Will the Board of Trustees adopt the following resolution:

RESOLVED, That the *Bylaws* of The Pennsylvania State University be amended as set forth in the appendix and presented at the meeting on May 6, 2016.

(See Appendix IV)

F. Committee on Legal and Compliance – Richard K. Dandrea, Chair

1) Proposed Sale and Service of Alcoholic Beverages at Certain Events held at University Intercollegiate Athletics Venues

Will the Board of Trustees adopt the following resolutions:

WHEREAS, It is the desire of The Pennsylvania State University to sell and serve alcoholic beverages at certain events held at University intercollegiate athletics venues on the University Park campus; and

THEREFORE BE IT RESOLVED, That the sale and service of alcoholic beverages at events held at University intercollegiate athletics venues on the University Park campus (Beaver Stadium, Bryce Jordan Center, Recreation Hall, Pegula Ice Arena, Medlar Field at Lubrano Park, and the Golf Courses) in the manner and scope presented to the Board of Trustees at this meeting be authorized on terms, conditions, limitations and restrictions established by the Director of Intercollegiate Athletics with the approval of the Senior Vice President for Finance and Business/Treasurer; and

FURTHER BE IT RESOLVED, That the Senior Vice President for Finance and Business/Treasurer is authorized to execute, deliver and file all necessary applications, documents and instruments, and any other papers required by the Pennsylvania Liquor Control Board, in connection with the foregoing.

G. Committee on Outreach, Development, and Community Relations – Ryan J. McCombie, Chair

6. Recommendation for Approval of Administrative Appointment

Will the Board of Trustees adopt the following resolution:

RESOLVED, That the Board of Trustees hereby approves President Eric J. Barron's appointment of Neil A. Sharkey to the position of Vice President for Research, effective May 9, 2016.

7. **Corporation for Penn State: Amended and Restated *Bylaws* and *Articles of Incorporation***

Will the Board of Trustees adopt the following resolutions:

WHEREAS, the Board of Directors of the Corporation for Penn State (the "Corporation") has approved, and has recommended to the Board of Trustees to approve, changing the composition of the membership of the Corporation from the individuals that are members of the Penn State Board of Trustees to Penn State as the sole member.

WHEREAS, the Board of Trustees has determined that it is in the best interest of the Corporation to so change the composition of the membership of the Corporation.

THEREFORE BE IT RESOLVED, that the Board of Trustees hereby approve the amendments to the *Articles of Incorporation* and the *Bylaws* of the Corporation, substantially in the forms presented, together with any additional changes as the officers of the Corporation deem necessary, to change the membership of the Corporation from the individuals that are members of the Penn State Board of Trustees to Penn State as the sole member.

(See Appendix V)

8. **Informational Report on the University Faculty Senate**

A report of this year's activities of the University Faculty Senate will be provided by Mohamad Ansari, Immediate Past Chair of the University Faculty Senate and Associate Professor of Math at Penn State Berks.

9. **Report on the Election of Trustees by the Alumni**

A report on the election of Trustees by alumni will be given by Trustee Tribeck.

10. **Report on the Election of Trustees by Agricultural Delegates**

A report on the election of Trustees by delegates from agricultural societies will be given by Trustee Hoffman.

11. **Election of Trustees Representing Business and Industry Endeavors**

The Selection Group on Board Membership for Business and Industry Trustees will recommend to the Board of Trustees the names of two candidates for election as trustees representing business and industry endeavors for three-year terms beginning July 1, 2016.

12. **Election of At-Large Trustee**

The Selection Group on Board Membership for At-Large Trustees will recommend to the Board of Trustees a candidate for a three-year term beginning July 1, 2016.

13. **Announcements by the Chairman of the Board of Trustees**

Housing and Food Services is proposing the following revised schedule for the capital assessment through 2023, or year 10 of the overall capital plan.

Fiscal Year	Previously Approved Capital Assessment Average Increase per Semester	Revised Capital Assessment Average Increase per Semester
2016/17	\$56	\$56
2017/18	\$59	\$75
2018/19	\$62	\$70
2019/20	\$66	\$74
2020/21	\$69	\$77
2021/22	\$73	\$80
2022/23	\$78	\$84

1. Information on Undergraduate Programs**A. College of Arts and Architecture****1) Graphic Design: New Minor**

This minor is intended for students interested in augmenting their academic major with the physical, technological, aesthetic, and conceptual skills associated with a design discipline. Courses will include foundational emphasis on visual communications, design methodologies, image making, typography, and the production of work in both physical and digital form. The authorization for the new program will become effective Fall 2016.

B. College of Engineering**1) Engineering Entrepreneurship: Close Minor**

Closure of this minor was planned as part of the phase-in of the intercollege minor in Entrepreneurship and Innovation (approved in 2013) which offers a technology-based cluster almost identical to this program. No faculty will be affected. The minor will be closed, effective Summer 2016.

C. College of Information Sciences and Technology**1) Bachelor of Science in Information Sciences and Technology and Master of Science in Information Sciences and Technology: New Integrated Undergraduate/Graduate Program**

This program is intended to provide accelerated graduate study in information sciences and technology for promising undergraduate students, while emphasizing the development of advanced core information science knowledge and research skills. The major is structured to provide students with the theoretical frameworks and skill sets necessary to complete and be productive in the information technology-intensive global context that defines the new "Information Age." The IUG program is intended to prepare individuals for research-oriented careers in fields such as health, education, and government. Some graduates may opt to pursue doctoral studies. The Graduate Council has approved this IUG. The program will become effective Summer 2016.

2) Bachelor of Science in Security and Risk Analysis and Master of Science in Information Sciences and Technology: New Integrated Undergraduate/Graduate Program

This program is intended to provide accelerated graduate study in information sciences and technology for promising undergraduate students, while emphasizing the development of advanced core information science knowledge and research skills. The major is intended to familiarize students with the general frameworks and multidisciplinary theories that define the area of security and related risk analyses. The IUG program is intended to prepare individuals for research-oriented careers in fields such as health, education, and government. Some graduates may opt to pursue doctoral studies. The Graduate Council has approved this IUG. The program will become effective Summer 2016.

D. Penn State Altoona**1) Global Language and Culture: New Minor**

This minor is an interdisciplinary, student-designed program of study that incorporates three main components: advanced language study, an academic or internship experience abroad, and additional courses to complete a thematic concentration of the student's choice. The authorization for the new minor will become effective Summer 2016.

E. Penn State Berks1) Hotel, Restaurant, and Institutional Management: Close Associate in Science

Closure of this program is due to low enrollments and the addition of the baccalaureate program in Hospitality Management. Students currently enrolled will have a reasonable opportunity to complete the program. No faculty will be affected. The program will be closed, effective Summer 2016.

F. University College (Penn State DuBois)1) Materials Engineering Technology: Close the Associate in Engineering Technology

Closure of this program is due to consistently low and declining enrollment and a shift in interest to baccalaureate engineering degrees. There are currently no students enrolled in the program. No faculty will be affected. The program will be closed, effective Summer 2016.

2. Information on Graduate ProgramsA. Smeal College of Business1) Management and Organizational Leadership: New Master of Professional Studies

The proposal to create a new graduate degree program in Management and Organizational Leadership, offering the Master of Professional Studies degree, was published in the Graduate Council Curriculum Report (GCCR) on February 10, 2016, and the 30-day comment period has ended.

The Master of Professional Studies in Management and Organizational Leadership is designed as an early career accelerator degree. This early career degree would be primarily targeted at STEM graduates from Penn State and other schools within 18 months of graduation. This type of early career or "pre-experience" degree is a new type of master's degree that is designed to provide a foundational education in business, management, and organizational leadership. This master's degree program will provide students a solid foundation in business-related areas needed to more rapidly advance in their chosen career fields. Penn State has a large STEM undergraduate population and this program is consistent with the President's goal of providing more opportunities for STEM students to gain a business background.

1. **Thomas Building and Greenberg Renovations for Swing Space, University Park**

The University intends to renovate portions of Thomas and Greenberg Buildings for swing space during the construction of a new Chemical Engineering/ Biomedical Engineering building that will replace Fenske Building. Approximately 50,000 square feet of alterations will be completed to suit the needs of faculty, staff, graduate and undergraduate students for teaching and research.

Rooms in Thomas Building will be sub-divided into individual offices and other rooms will be repurposed into computer labs and an undergraduate chemical engineering lab. The project scope includes minimal modifications to the HVAC, plumbing, and electrical systems. Greenberg first floor biology labs will be modified and ground floor shell space will be fit-out as offices and conference rooms. A new elevator is also included. The cost estimate is \$4,800,000.

(See Appendix II.1)

2. **331 Building Fit Out, Innovation Park**

The Office of Investment Management (OIM) is currently located at 103 Innovation Park. They have recently hired additional staff and need space for large investment meetings. OIM has been looking for relocation options for several years. The new 331 Building is a shell building with exterior walls, floors, stairs, elevators, and basic utilities. Tenants build the fit out to suit their needs. OIM will occupy part of the third floor. The fit out will include all interior walls, connections to utilities, finishes, phones, and data connections. The cost estimate for this project is \$1,461,000.

(See Appendix II.2)

3. **Grange Building Renovations, University Park**

The University intends to renovate portions of the basement and first floor of Grange Building to better serve the needs of the Undergraduate Education unit. The project includes a new conference room, new restrooms, and offices in the basement. More student space and waiting areas will be created with an opened up lobby and reception area. A work room and mail room will be added to each wing. One new office will also be created on the first floor. The cost estimate for this project is \$1,023,000.

(See Appendix II.3)

4. **Reber Building HVAC Upgrades, University Park**

The University intends to renovate the outdated and inefficient existing Heating, Ventilating and Air-Conditioning (HVAC) system in Reber Building. System improvements shall include air terminal, coil piping package and linear diffuser replacement, classroom ventilation modifications, and leaking hot water piping component replacement. Electrical modifications will include replacement of the existing inefficient transformer and service entrance switchboard, and reconnection of the existing panel feeders served from this switchboard. The cost estimate for this project is \$2,800,000.

(See Appendix II.4)

5. **Chambers Building Renovations, University Park**

The University intends to convert existing office and meeting space on the second floor of Chambers Building into a research and development classroom to complement the Krause Innovation Studio in the same area. The project scope includes the replacement of railings that are no longer code compliant on the open stairs at the atrium. The bridges that link the south wing to the north faculty-oriented portion of Chambers will also be renovated. Mechanical upgrades are also included in the project to provide conditioned air to renovated spaces. The cost estimate for this project is \$3,300,000.

(See Appendix II.5)

6. **Track and Field Stadium Track Replacement, University Park**

The existing track east of the Multi-sport Indoor Facility is worn and at the end of its useful life. The surface will be replaced this summer in preparation for the Big Ten track championships Penn State is hosting in spring 2017. The project scope also includes replacement of the perimeter channel drain. The cost estimate for this project is \$1,450,000.

(See Appendix II.6)

7. **Cellular and Molecular Physiology Laboratory Renovations, The Milton S. Hershey Medical Center**

Approximately 4,000 square feet of existing research laboratories and related support spaces for the Department of Cellular and Molecular Physiology will be renovated on the fourth floor of the teaching wing, Basic Sciences Building, at the Penn State College of Medicine on the Hershey campus. The biomedical research labs will support the research of three faculty members to be recruited in the Department of Cellular and Molecular Physiology. In addition to wet labs and offices, the project includes tissue culture rooms, equipment space, microscope rooms and electrophysiology rooms. The existing cold room C4701 will be demolished and replaced with a new ultra-low freezer equipment room, to support the new labs.

The design of the open lab maximizes the availability of natural daylight and views deep into the floorplate. The project scope includes flooring, suspended acoustical tile ceiling, metal casework, epoxy benchtops, and LED lighting with energy saving dimming and controls. Mechanical, electrical and plumbing systems will be designed to support the new lab, within the capacities of existing systems and to minimize the impact during construction to adjacent occupied spaces. The cost estimate for this project is \$2,130,800.

(See Appendix II.7)

8. **Delta Pointe Medical Facility, The Milton S. Hershey Medical Center**

The Milton S. Hershey Medical Center intends to construct a new Family Practice Outpatient Clinic on a recently purchased approximate 5.9 acre lot in Silver Spring Township, Cumberland County. The lot is located along State Route 144 and in close proximity to Interstate 81. The proposed building will be approximately 12,500 square feet. The Family Practice Outpatient Clinic will occupy approximately 8,500 square feet and include fourteen (14) exam rooms, staff work areas, patient waiting areas, and clinical support space. The remaining 4,500 square feet will remain shell space for future operational and clinical needs. In May 2015, the cost estimate was reported at \$3,050,000. Due to higher than expected bid results, the estimated cost for this project has been revised to \$4,300,000.

(See Appendix II.8)

9. **Naming of the Building at 2185 Sandy Drive, State College, PA the "Science Park Library Annex"**

The University intends to name the building at 2185 Sandy Drive, State College, PA the "Science Park Library Annex." The building was recently purchased by the University for library use.

(See Appendix II.9)

10. **Naming of Rooms, Portions of Buildings, and Plazas**

The Facilities Naming Committee has made certain recommendations to the President on the naming of rooms, portions of buildings and plazas. In accordance with the Policy on Naming University Facilities, the Board of Trustees is hereby informed that the President has approved the following naming actions:

- A. Name Dr. Gong Chen's research lab in the Life Sciences Building in recognition of a gift from Charles H. "Skip" Smith. The recognition plaque will read:
Charles H. "Skip" Smith Life Science Laboratory
Charles H. "Skip" Smith, a State College resident and a retired partner of Smith Partnership, graduated from Penn State University in 1948 with a bachelor's degree in Electrical Engineering. Skip Smith made a generous donation to support Dr. Gong Chen's lab to conduct cutting-edge research on brain and spinal cord repair using its newly invented in vivo reprogramming technology. Such generosity significantly stimulates Penn State students to join biomedical research. This donation will accelerate Dr. Chen's effort in bringing the in vivo reprogramming technology from lab bench to the bedside. By naming the lab as Charles H. "Skip" Smith Life Science Laboratory, we honor Skip Smith's generosity, vision, and support that will help with finding a cure for the treatment of brain disorders.
- B. Name the Training Table Complex (Room 158, 158A, and 159) in the Bryce Jordan Center in recognition of a gift from Peter and Ann Tombros. The recognition plaque will read:
Tombros Basketball Performance Center
- C. Name the Basketball Film Room (Room 158A) in the Bryce Jordan Center in recognition of a gift from Eric Goldberg. The recognition plaque will read:
Nelson L. Goldberg
Film Room
Donated by: Eric Goldberg Family
- D. Name the Media Room (Room 1.702.19) in Beaver Stadium in recognition of a gift from George and Barbara Parmer. The recognition plaque will read:
George and Barbara Parmer Family
Media Room
- E. Name the lobby area in the Lasch Football Building in recognition of a gift from Anthony and Catherine Misitano. The recognition plaque will read:
Anthony F. and Catherine A. Misitano Family
Lobby
- F. Name Office #2 in the Morgan Academic Support Center in recognition of a gift from Scott and Glenda Yocum. The recognition plaque will read:
Scott and Glenda Yocum
Office
- G. Name the Multimedia Interview Room in the Morgan Academic Support Center in recognition of a gift from Sandy Barbour. The recognition plaque will read:
The Barbour Family
Multimedia Studio
- H. Name a lab (Room 318B) in the Steidle Building in recognition of a gift from TA Instruments. The recognition plaque will read:
TA Instruments Polymer Rheology Laboratory
- I. Name a lab (Room 102) in the Steidle Building in recognition of a gift from TA Instruments. The recognition plaque will read:
TA Instruments Undergraduate Research Laboratory
- J. Name the 3-D printer lab (Room 125A) in Eiche Library at Penn State Altoona in recognition of a gift from Word Process Services. The recognition plaque will read:
WPS Office Solutions 3-D Printer Lab

- K. Name the Hearing Room (Room 106) in Tricket Hall at Dickinson Law in recognition of a gift from LeRoy Zimmerman. The recognition plaque will read:

The Honorable LeRoy S. Zimmerman '59 Hearing Room

- L. Name the Courtroom/Classroom (Room 120) in the Pitt Street Clinic Building at Dickinson Law in recognition of a gift from the Class of 1979 Fund. The recognition plaque will read:

Hubert X. Gilroy '79

Clinic Courtroom and Classroom

- M. Name a memorial garden at Penn State Mont Alto in recognition of a gift from family and friends of Deb Creager. The recognition plaque will read:

Debra K. Creager Memorial Garden

*Wife, mother, grandmother and Development & Alumni Relations Officer,
whose passion and dedication showed her Penn State pride for 17 years.*

Dedicated July 8, 2016

11. **Status of Major Construction Programs and Borrowing**

(See Appendix II.10)

12. **Long Term Investment Pool Report**

Appendix II.11 is a report of the University's endowment and similar funds as of December 31, 2015.

(See Appendix II.11)

13. **Summary of Revised Funds**

Will the Committee on Finance, Business and Capital Planning recommend to the Board of Trustees adoption of the following resolution:

RESOLVED, That the conditions governing certain existing scholarships, fellowships, awards, and similar funds previously established at the University, identified in the *Summary of Revised Funds* for the period February 1, 2016 to April 8, 2016, be revoked and that the Officers of the University are authorized to put into effect the revised regulations as requested by the donors.

14. **Summary and Acknowledgement of New Funds and Major Commitments**

The Committee on Finance, Business and Capital Planning is advised that for the period February 1, 2016 through April 8, 2016, 45 new funds totaling approximately \$3,085,378 were accepted by the University, including scholarships, fellowships, etc. All of these items conform to established University policies and regulations.

For the period January 1, 2016 through February 29, 2016, 36 major commitments were accepted by the University totaling approximately \$20,801,963.

Will the Committee on Finance, Business and Capital Planning recommend to the Board of Trustees adoption of the following resolutions:

RESOLVED, That the Board of Trustees gratefully acknowledges the generous contributions of the many friends of the University identified in the *Summary and Acknowledgement of New Funds and Major Commitments*, in support of endowments, funds, and other major commitments as reported to the Committee on Finance, Business and Capital Planning at its meeting of May 5, 2016.

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.

15. **Proposed Naming of Various Roads, University Park**

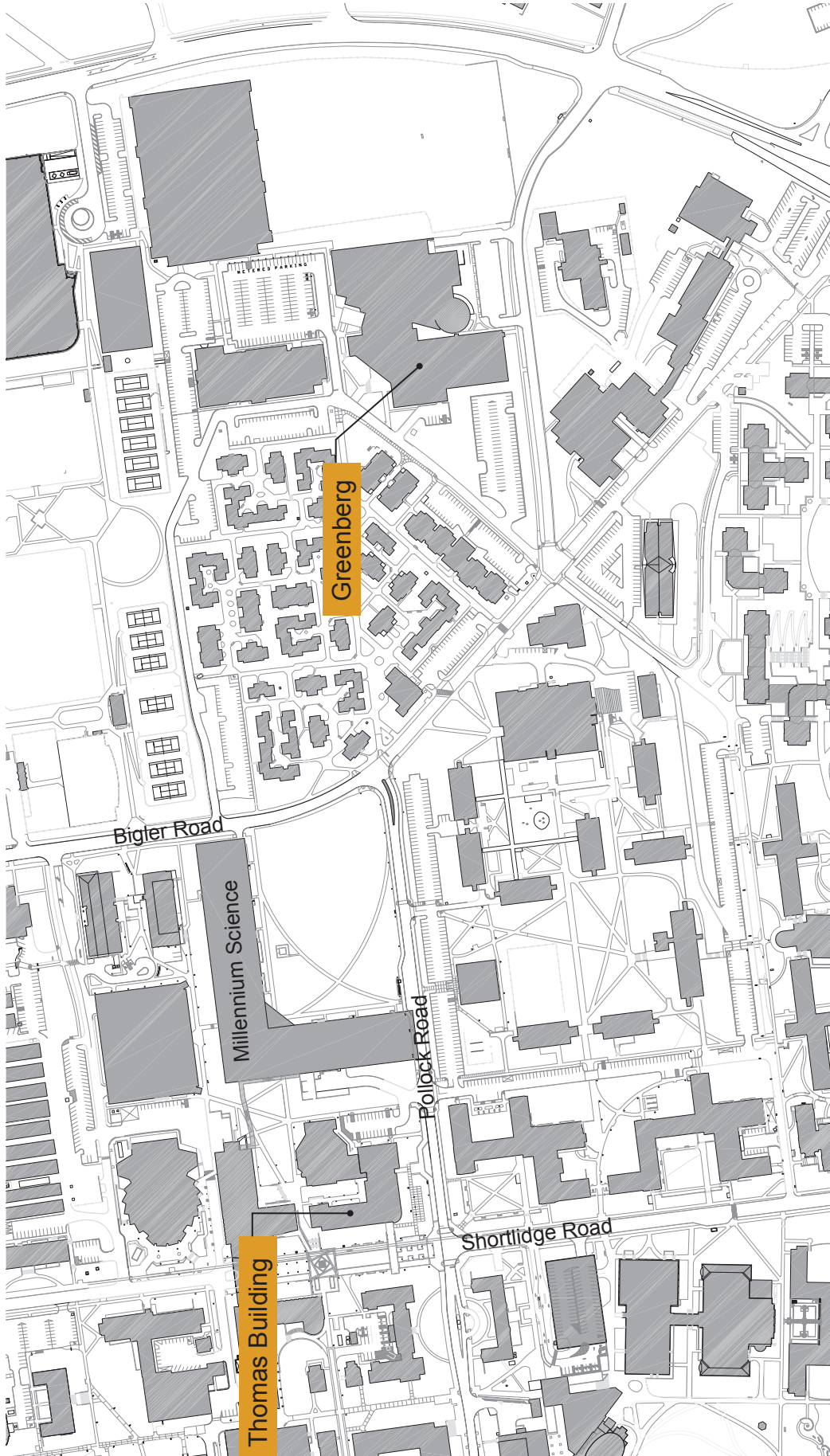
The Facilities Naming Committee has recommended that the Board of Trustees name the previously unnamed roads on the University Park campus, as located on the map in Appendix II.12: North Sparks Street, North Barnard Street, Steam Drive, Henderson Drive, Science Drive, Ag. Hill Drive, Millennium Drive, and Commuter Drive. The roads are being named for the 911 system and police.

Will the Committee on Finance, Business, and Capital Planning recommend to the Board of Trustees adoption of the following resolution:

RESOLVED, That the previously unnamed roads on the University Park campus located on the map in Appendix II are named "North Sparks Street," "North Barnard Street," "Steam Drive," "Henderson Drive," "Science Drive," "Ag. Hill Drive," "Millennium Drive," and "Commuter Drive."

(See Appendix II.12)

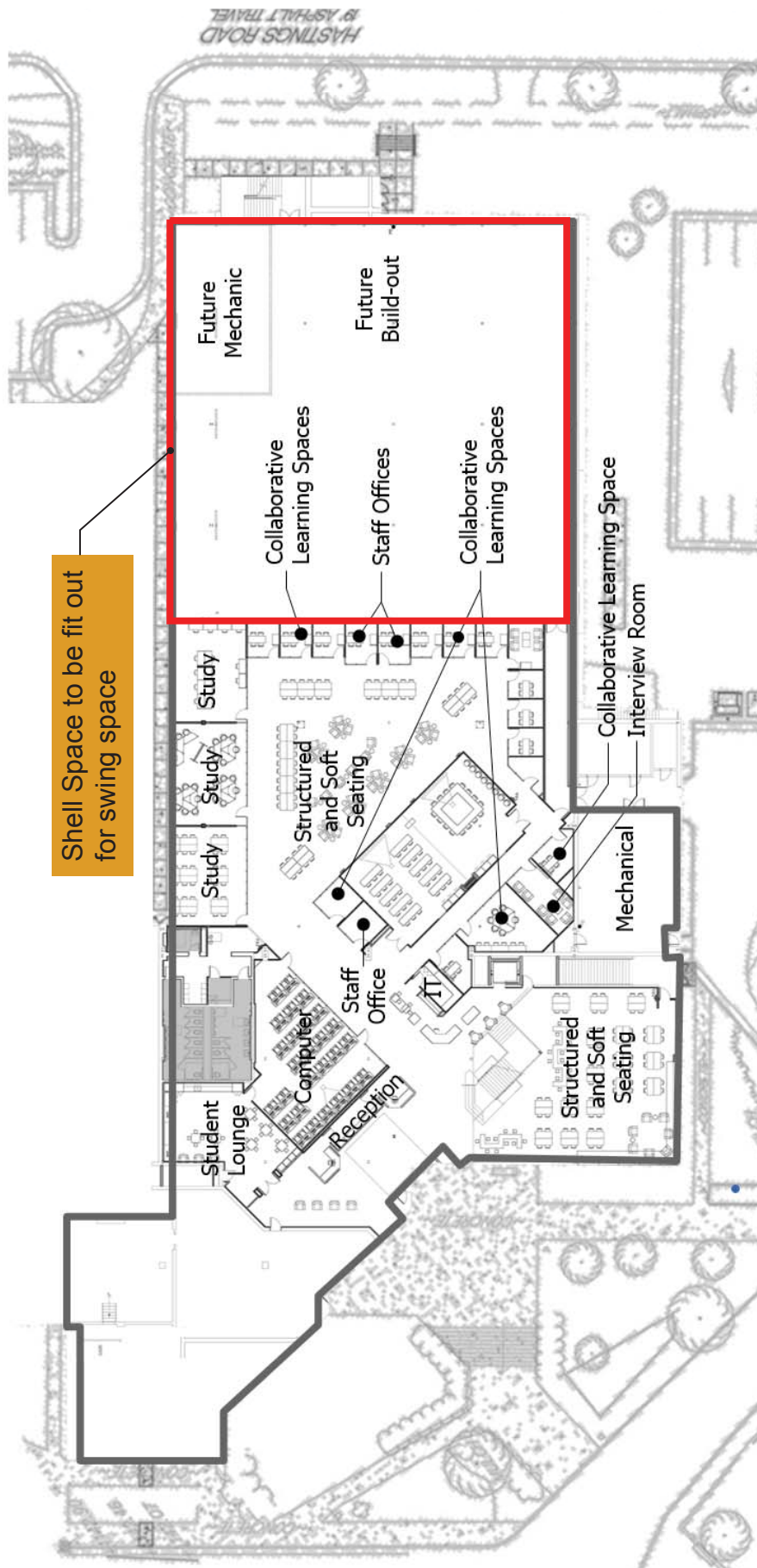
University Park



University Park

5/6/2016

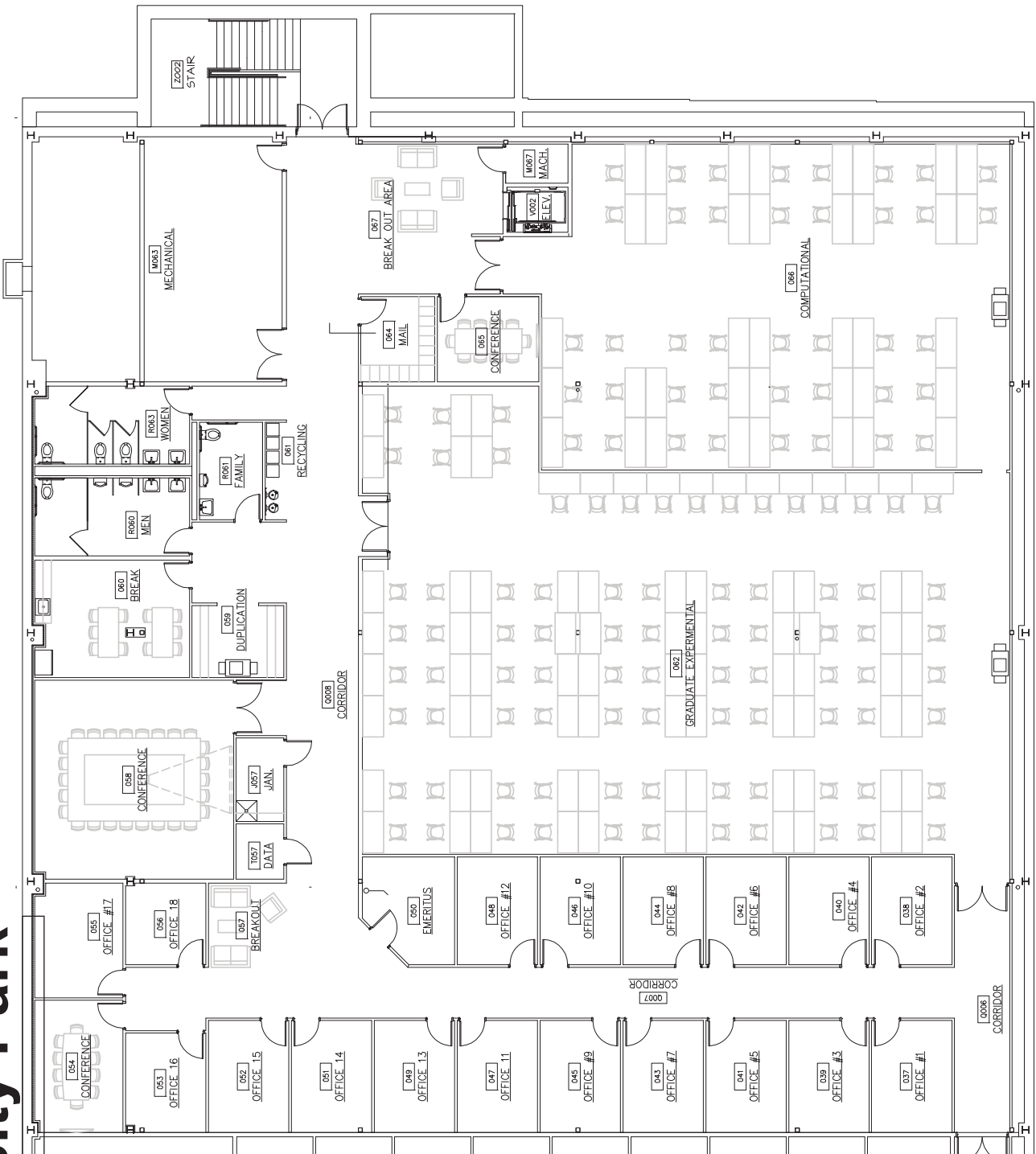
FB&CP



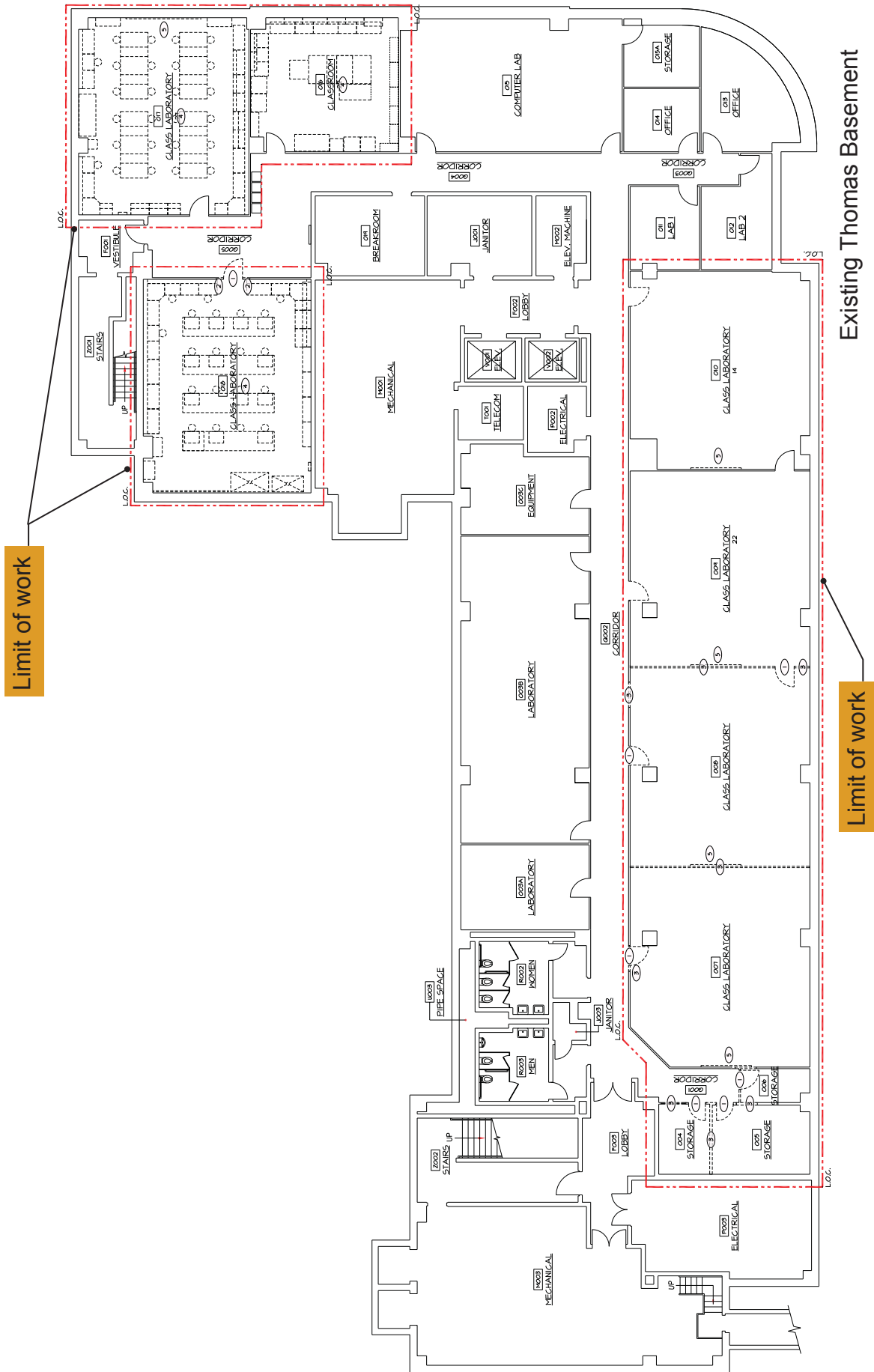
Existing Greenberg
Ground Floor

(Appendix II.1)

University Park



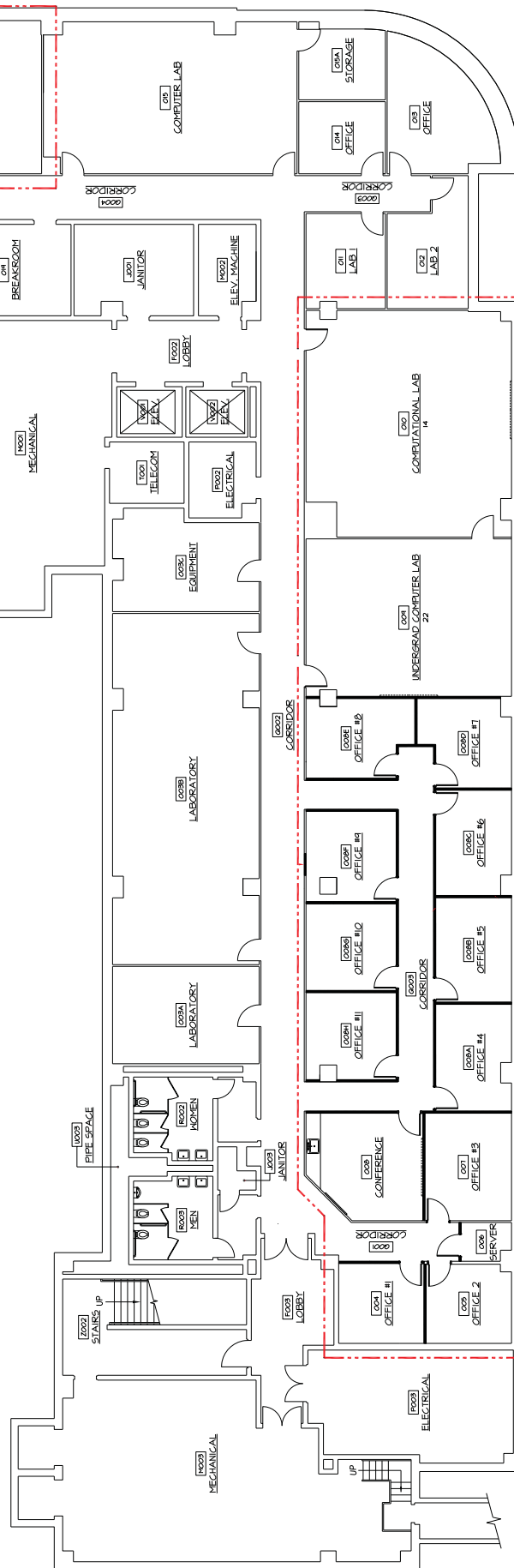
Proposed Shell Space Fit Out
Greenberg Ground Floor



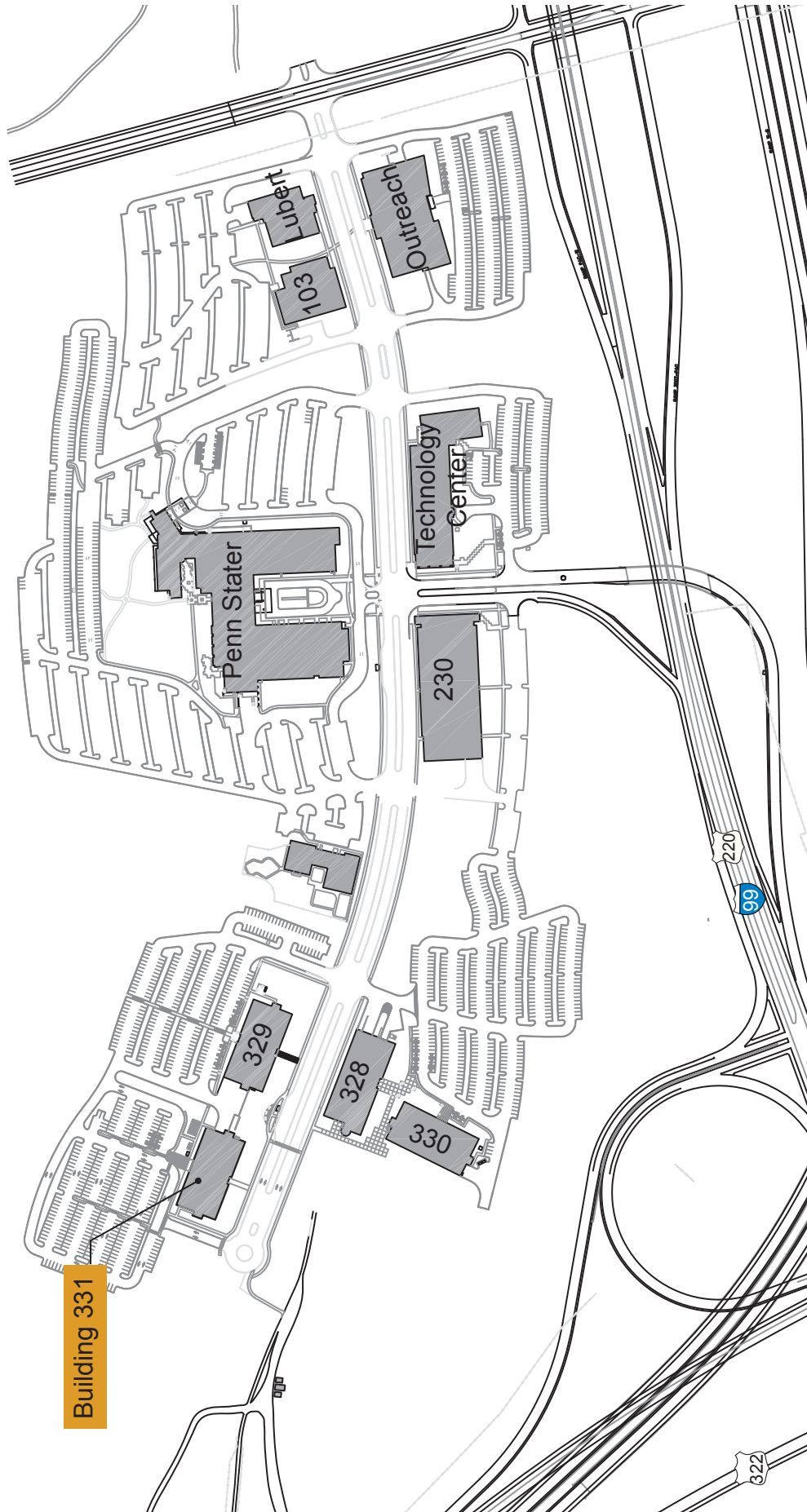
Limit of work

Proposed Thomas Basement

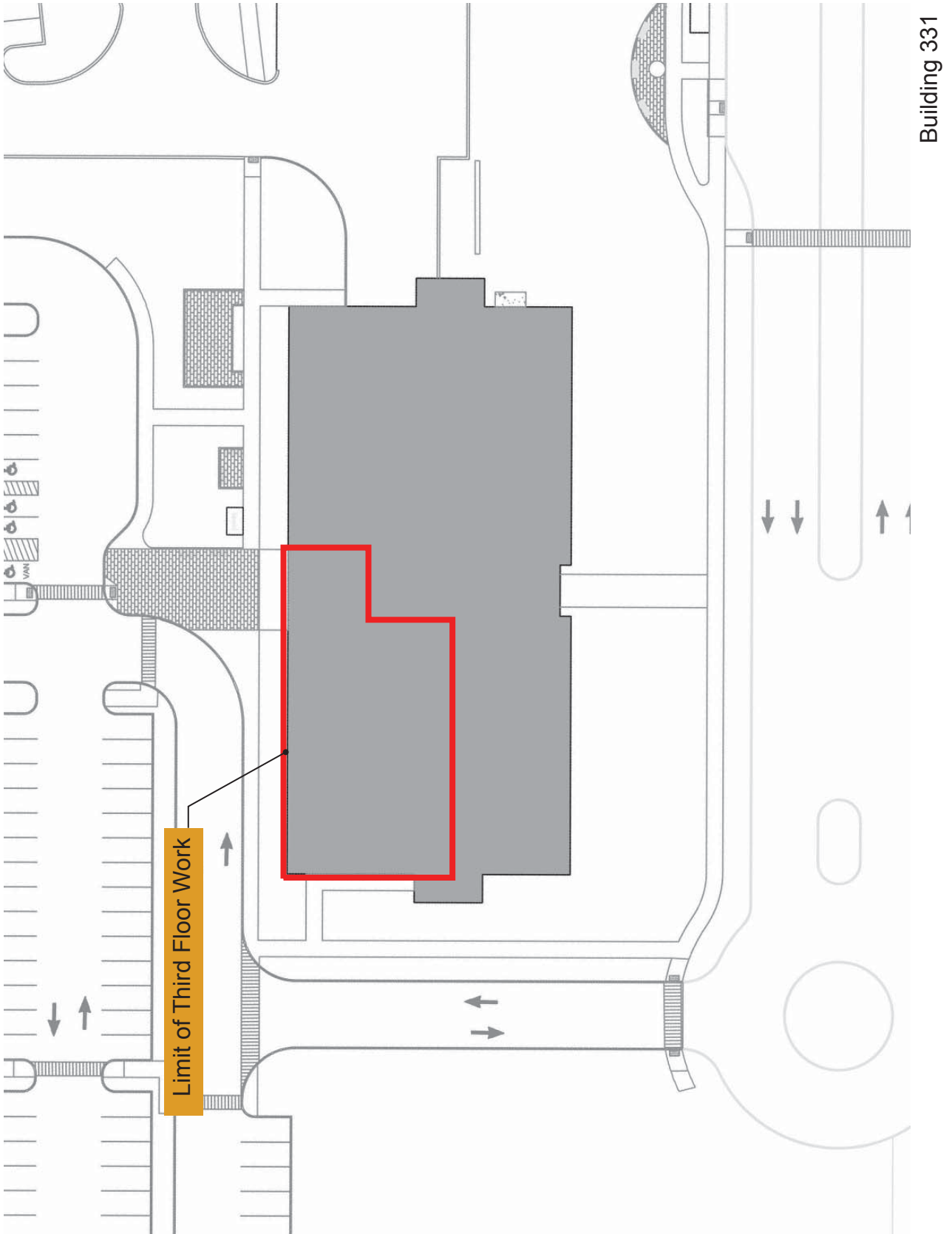
Limit of work



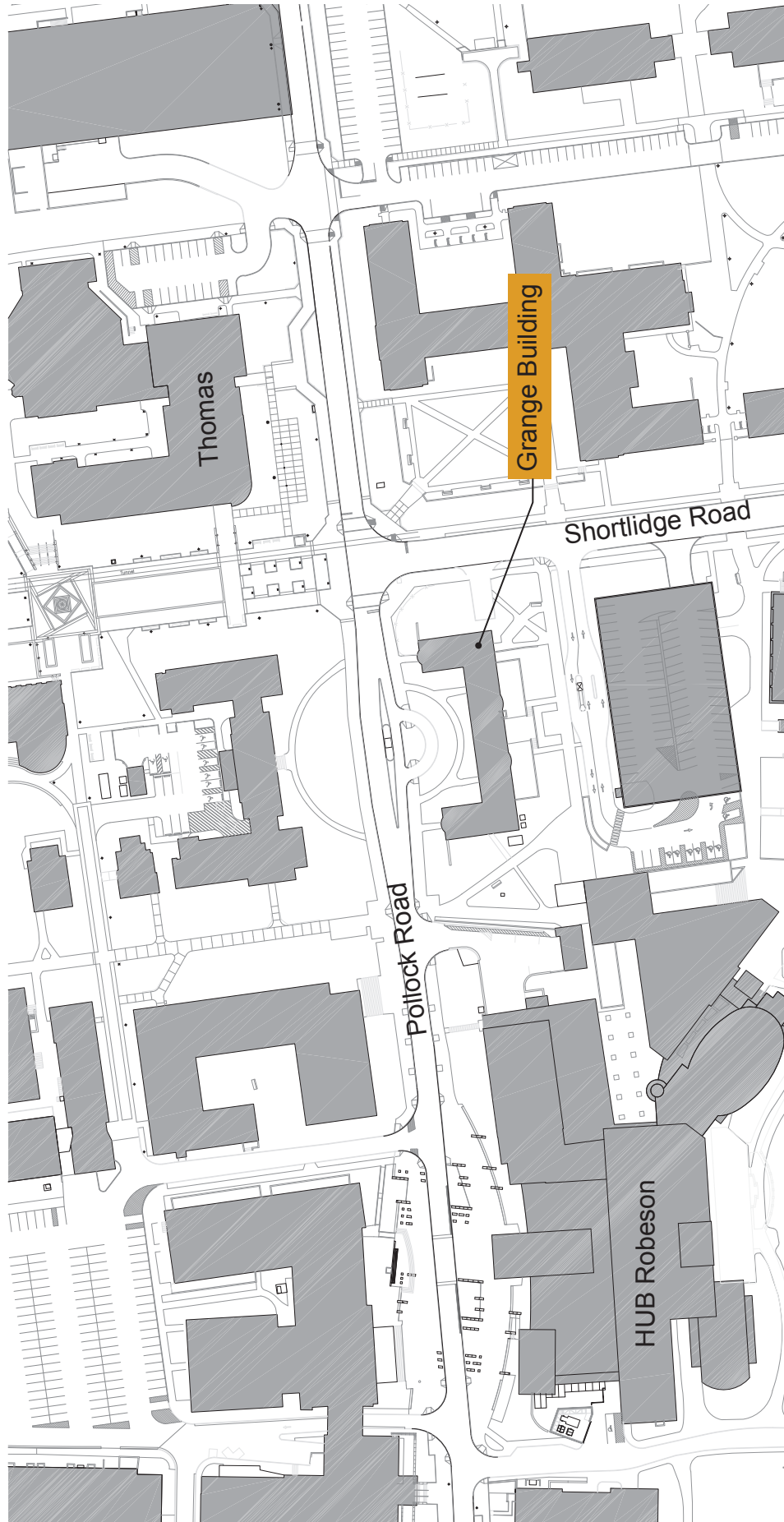
Innovation Park

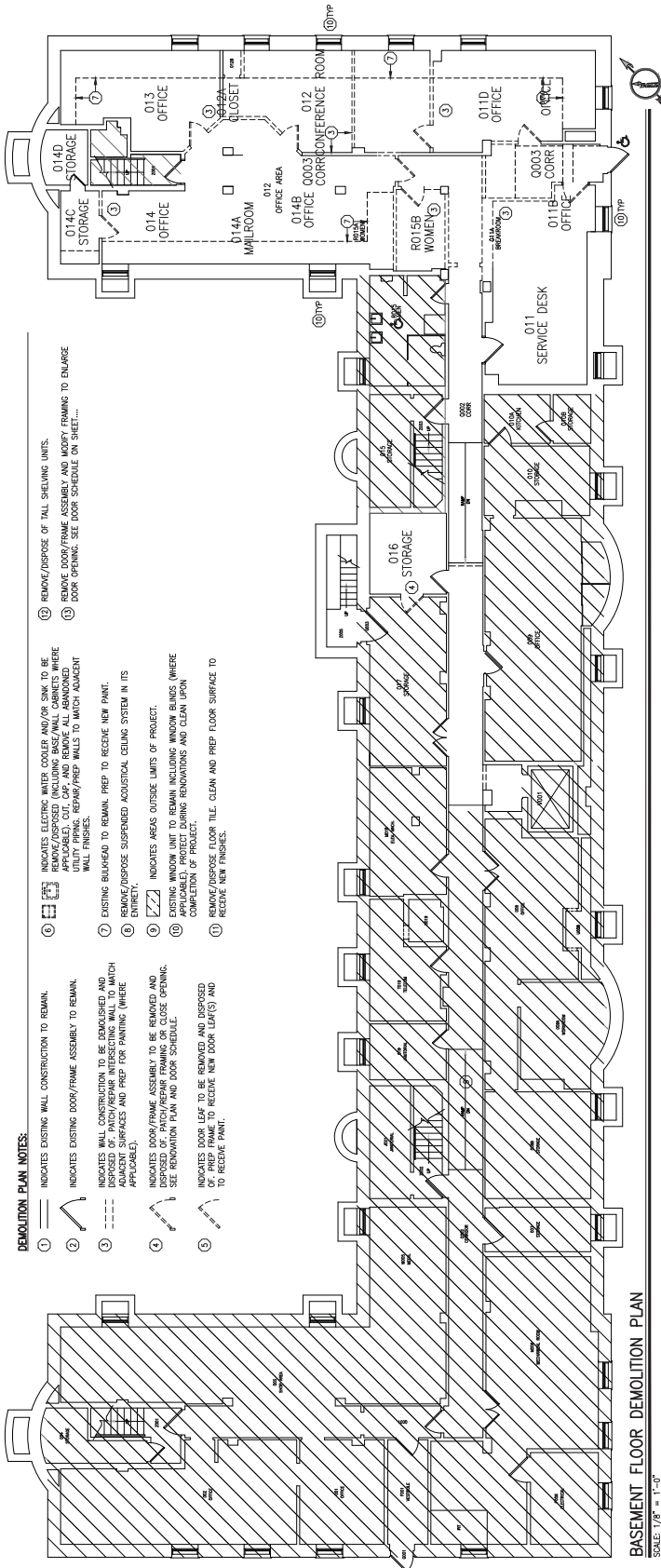


Innovation Park



University Park





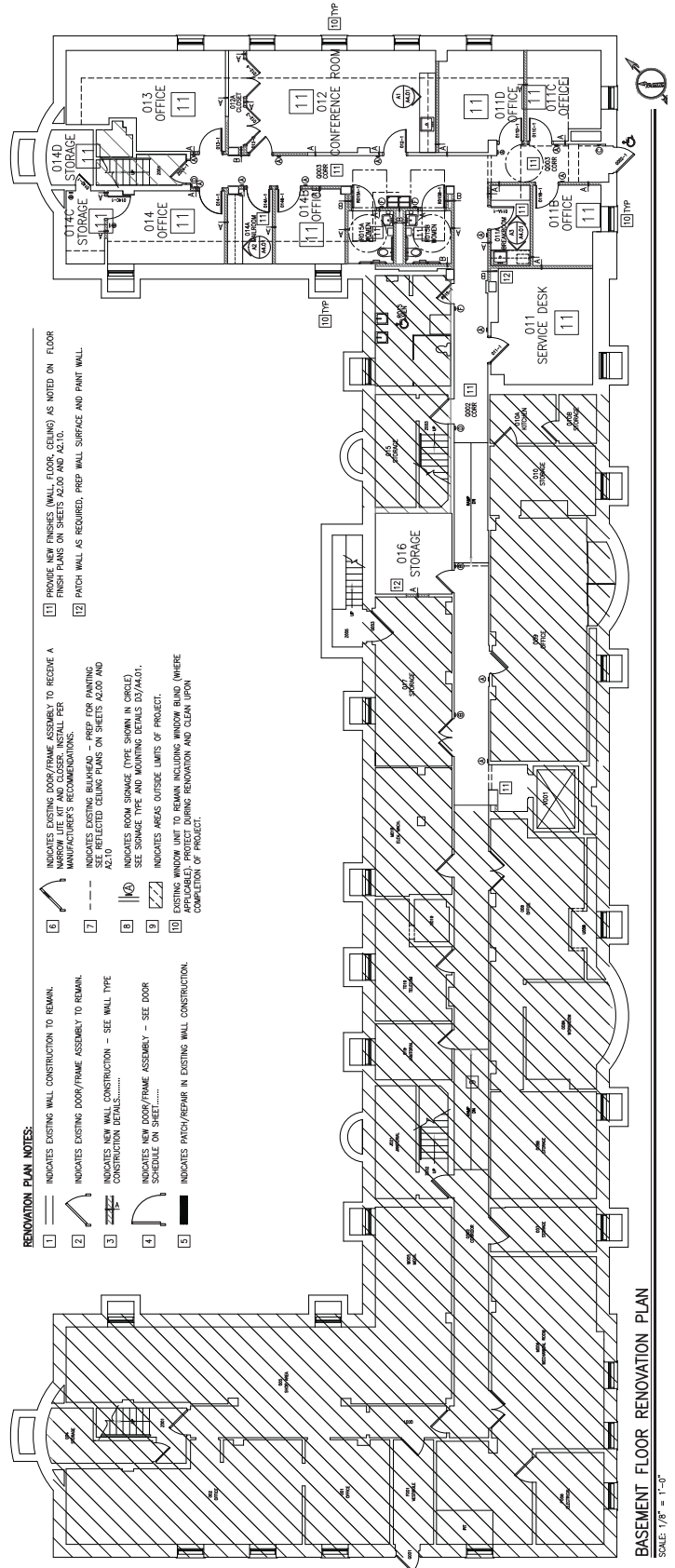
BASEMENT FLOOR DEMOLITION PLAN

SCALE: 1/8" = 1'-0"

DEMOLITION PLAN NOTES:

- 1 INDICATES EXISTING WALL CONSTRUCTION TO REMAIN.
- 2 INDICATES EXISTING DOOR/FRAME ASSEMBLY TO REMAIN.
- 3 INDICATES WALL CONSTRUCTION TO BE DEMOLISHED AND DISPOSED OF. PATCH/REPAIR INTERSECTING WALL TO MATCH ADJACENT SURFACES AND PREP FOR PAINTING (WHERE APPLICABLE).
- 4 INDICATES DOOR/FRAME ASSEMBLY TO BE REMOVED AND DISPOSED OF. PATCH/REPAIR INTERSECTING WALL TO MATCH ADJACENT SURFACES AND PREP FOR PAINTING (WHERE APPLICABLE).
- 5 INDICATES DOOR LEAF TO BE REMOVED AND DISPOSED OF. PREP FRAME TO RECEIVE NEW DOOR LEAF(S) AND TO RECEIVE PAINT.

- 6 INDICATES EXISTING WATER COLOR AND/OR GYM TO BE REMOVE/DISPOSED (INCLUDING BASE WALL CABINETS WHERE APPLICABLE). CUT, CAP, AND REMOVE ALL ABANDONED DOOR OPENING. SEE DOOR SCHEDULE ON SHEET....
- 7 EXISTING BULKHEAD TO REMAIN. PREP TO RECEIVE NEW PAINT.
- 8 REMOVE/DISPOSE SUSPENDED ACoustICAL CEILING SYSTEM IN ITS ENTIRETY.
- 9 INDICATES AREAS OUTSIDE LIMITS OF PROJECT.
- 10 EXISTING WINDOW UNIT TO REMAIN INCLUDING WINDOW BLINDS (WHERE APPLICABLE). PROTECT DURING RENOVATIONS AND CLEAN UPON COMPLETION OF PROJECT.
- 11 REMOVE/DISPOSE FLOOR TILE. CLEAN AND PREP FLOOR SURFACE TO RECEIVE NEW FINISHES.



BASEMENT FLOOR RENOVATION PLAN

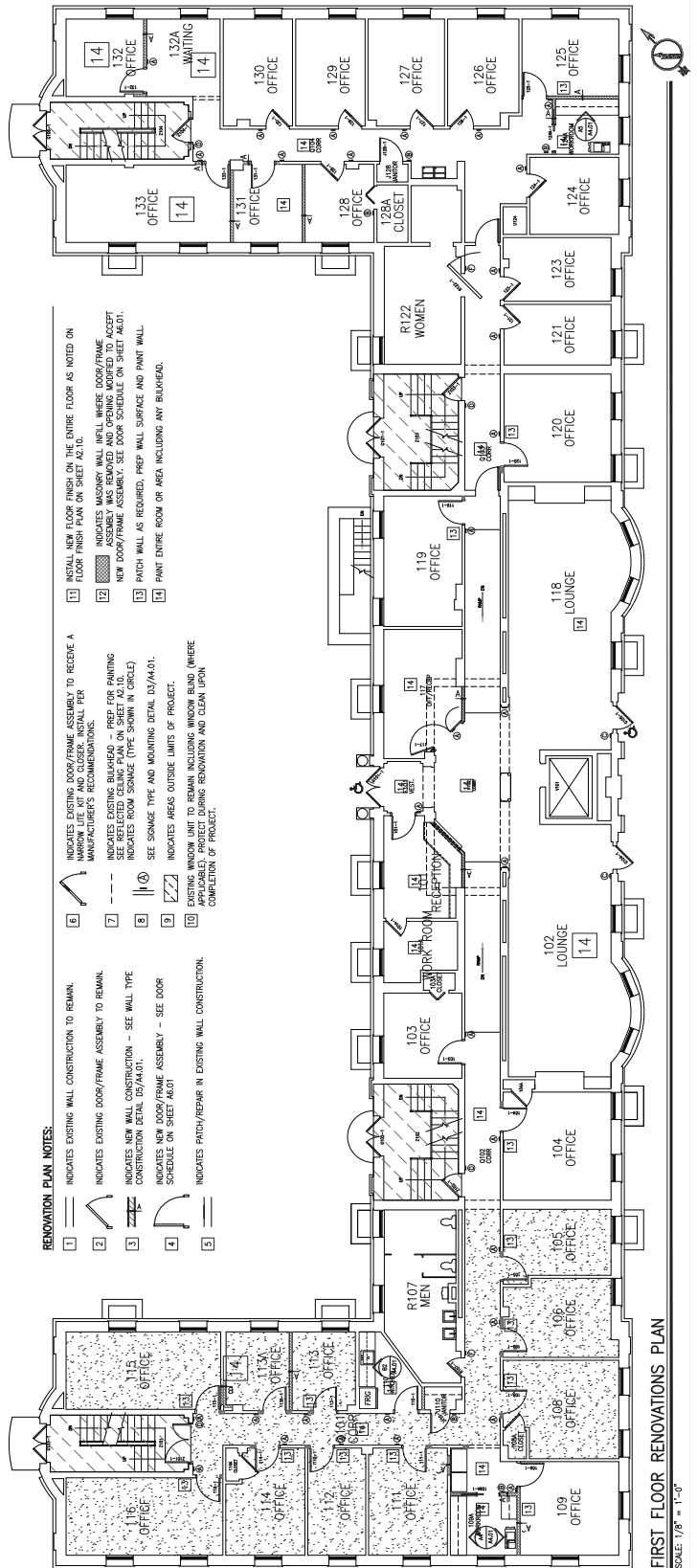
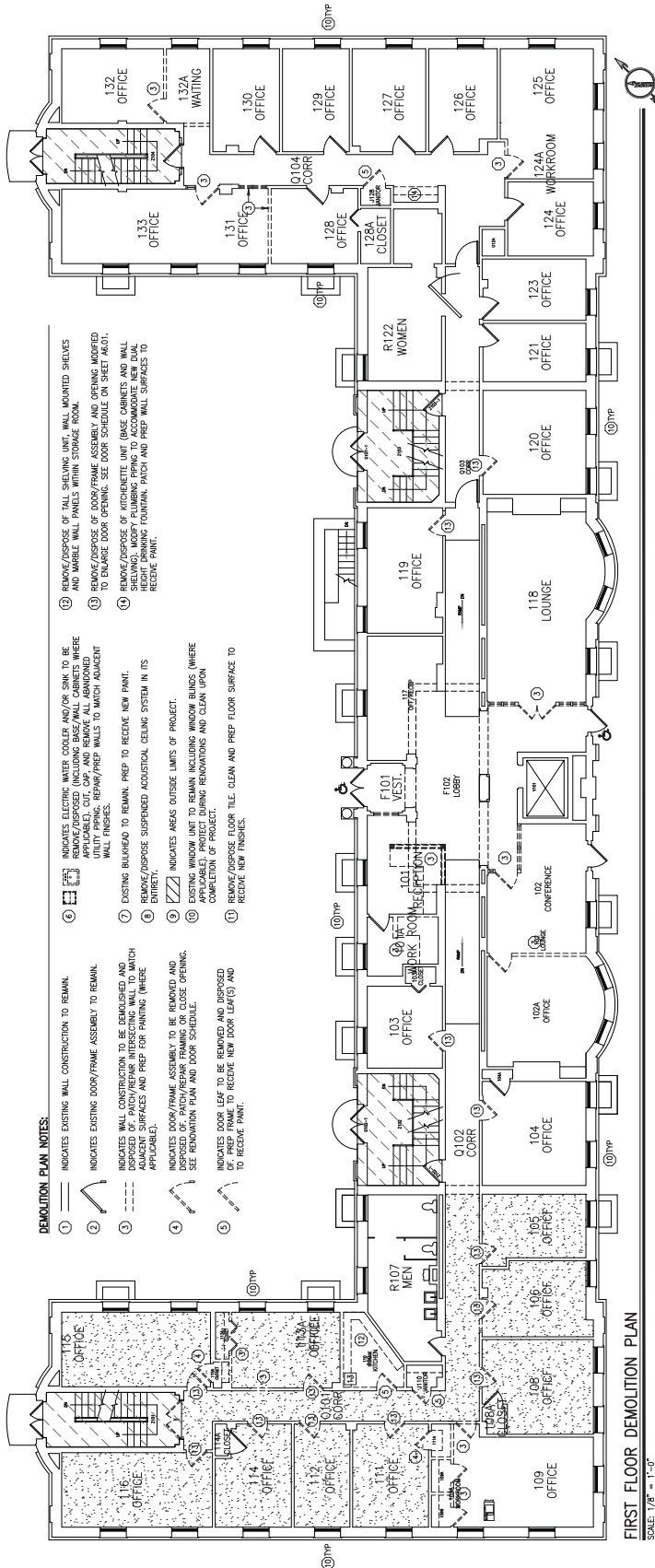
SCALE: 1/8" = 1'-0"

RENOVATION PLAN NOTES:

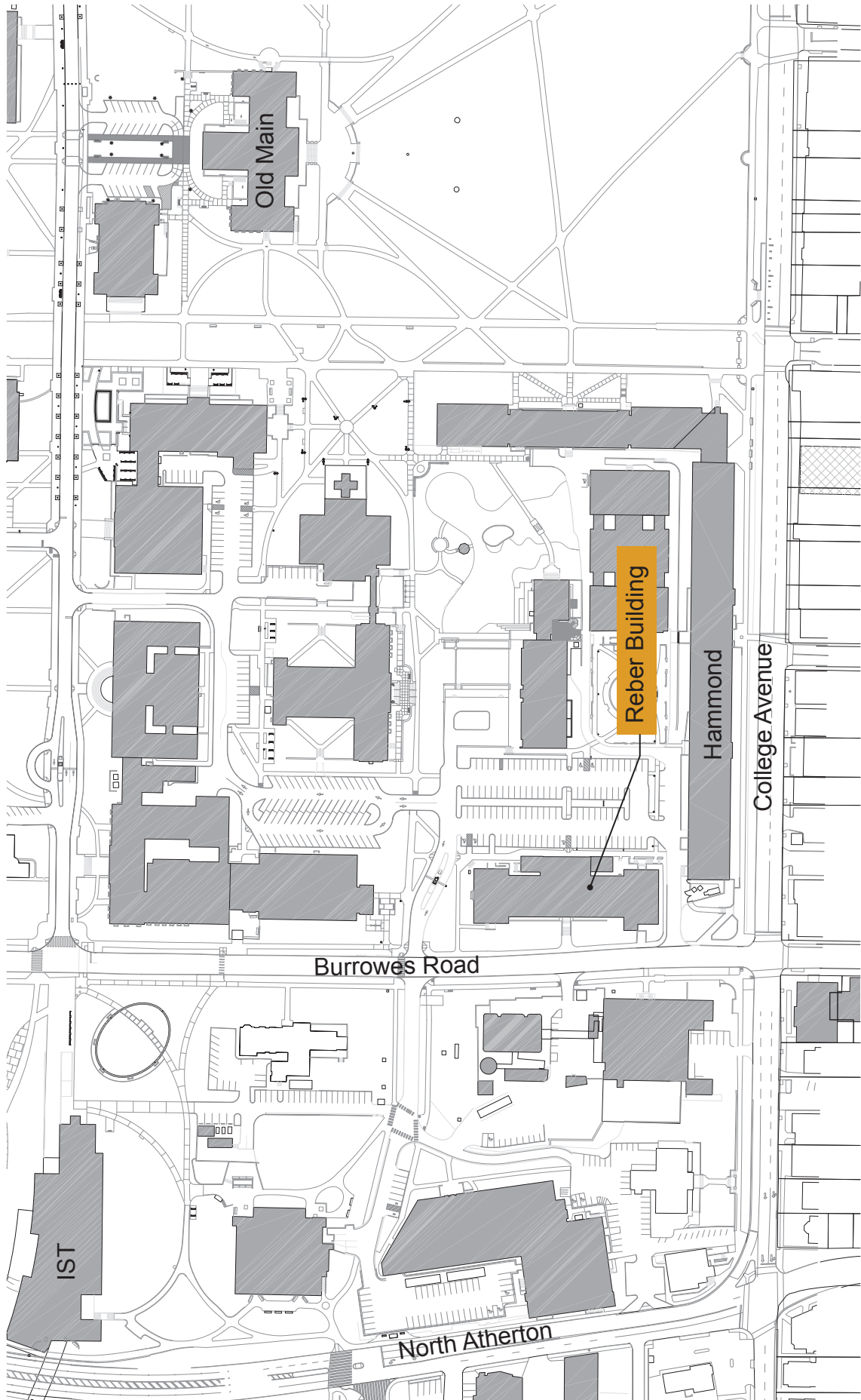
- 1 INDICATES EXISTING WALL CONSTRUCTION TO REMAIN.
- 2 INDICATES EXISTING DOOR/FRAME ASSEMBLY TO REMAIN.
- 3 INDICATES NEW WALL CONSTRUCTION - SEE WALL TYPE CONSTRUCTION DETAILS.....
- 4 INDICATES NEW DOOR/FRAME ASSEMBLY - SEE DOOR SCHEDULE ON SHEET.....
- 5 INDICATES PATCH/REPAIR IN EXISTING WALL CONSTRUCTION.

- 6 INDICATES EXISTING DOOR/FRAME ASSEMBLY TO RECEIVE A WINDOW LITE KIT AND CLOSER. INSTALL PER MANUFACTURER'S RECOMMENDATIONS.
- 7 INDICATES EXISTING BULKHEAD - PREP FOR PAINTING. SELECTED CEILING FURNS ON SHEETS A210 AND A211.
- 8 INDICATES ROOM STORAGE (TYPE SHOWN IN CIRCLE). SEE STORAGE TYPE AND MOUNTING DETAILS D3/A4.01.
- 9 INDICATES AREAS OUTSIDE LIMITS OF PROJECT.
- 10 EXISTING WINDOW UNIT TO REMAIN INCLUDING WINDOW BLINDS (WHERE APPLICABLE). PROTECT DURING RENOVATION AND CLEAN UPON COMPLETION OF PROJECT.

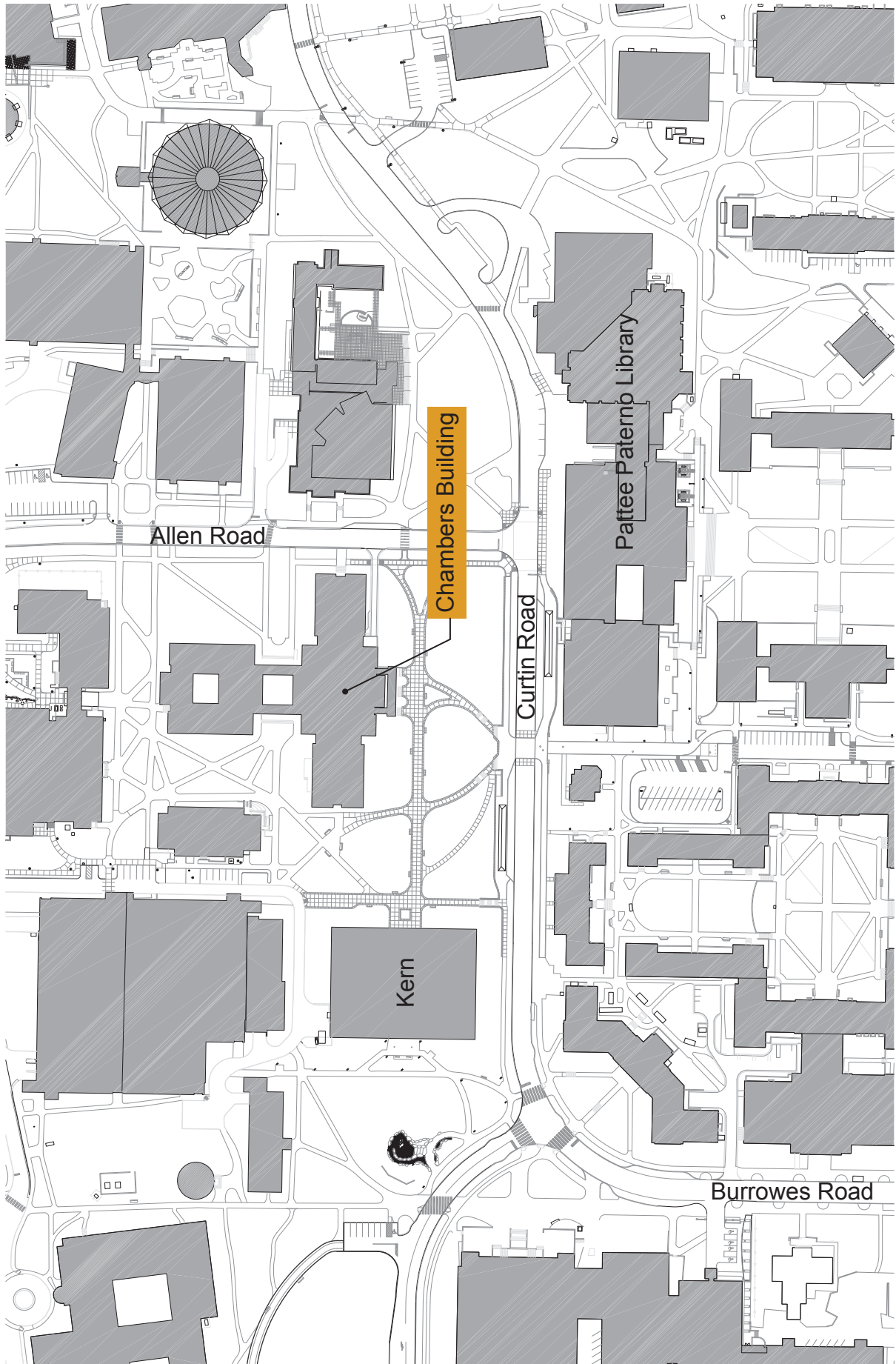
- 11 PROVIDE NEW FINISHES (WALL, FLOOR, CEILING) AS NOTED ON FLOOR FINISH PLANS ON SHEETS A210 AND A211.
- 12 PATCH WALL AS REQUIRED, PREP WALL SURFACE AND PAINT WALL.

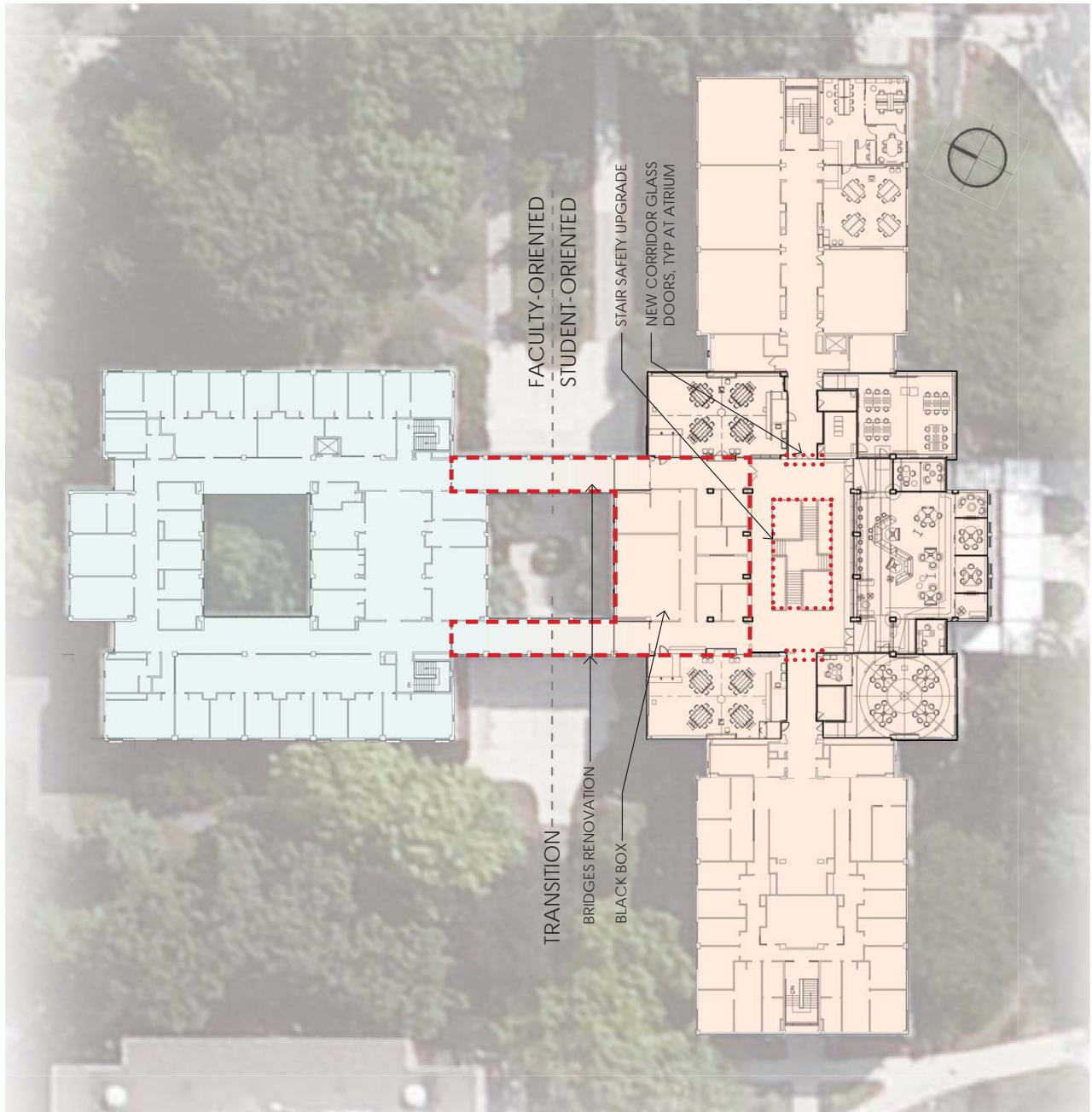


University Park



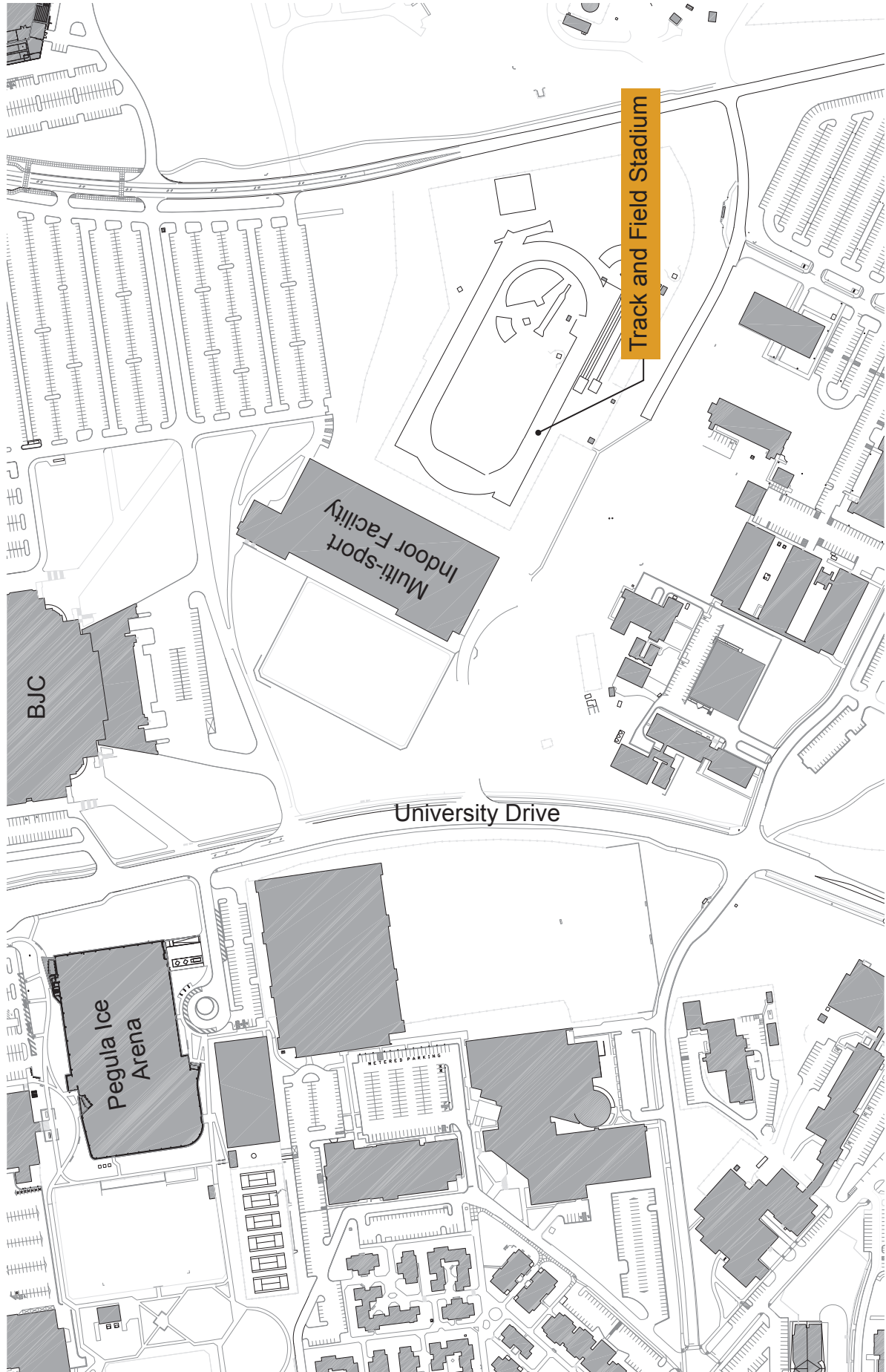
University Park



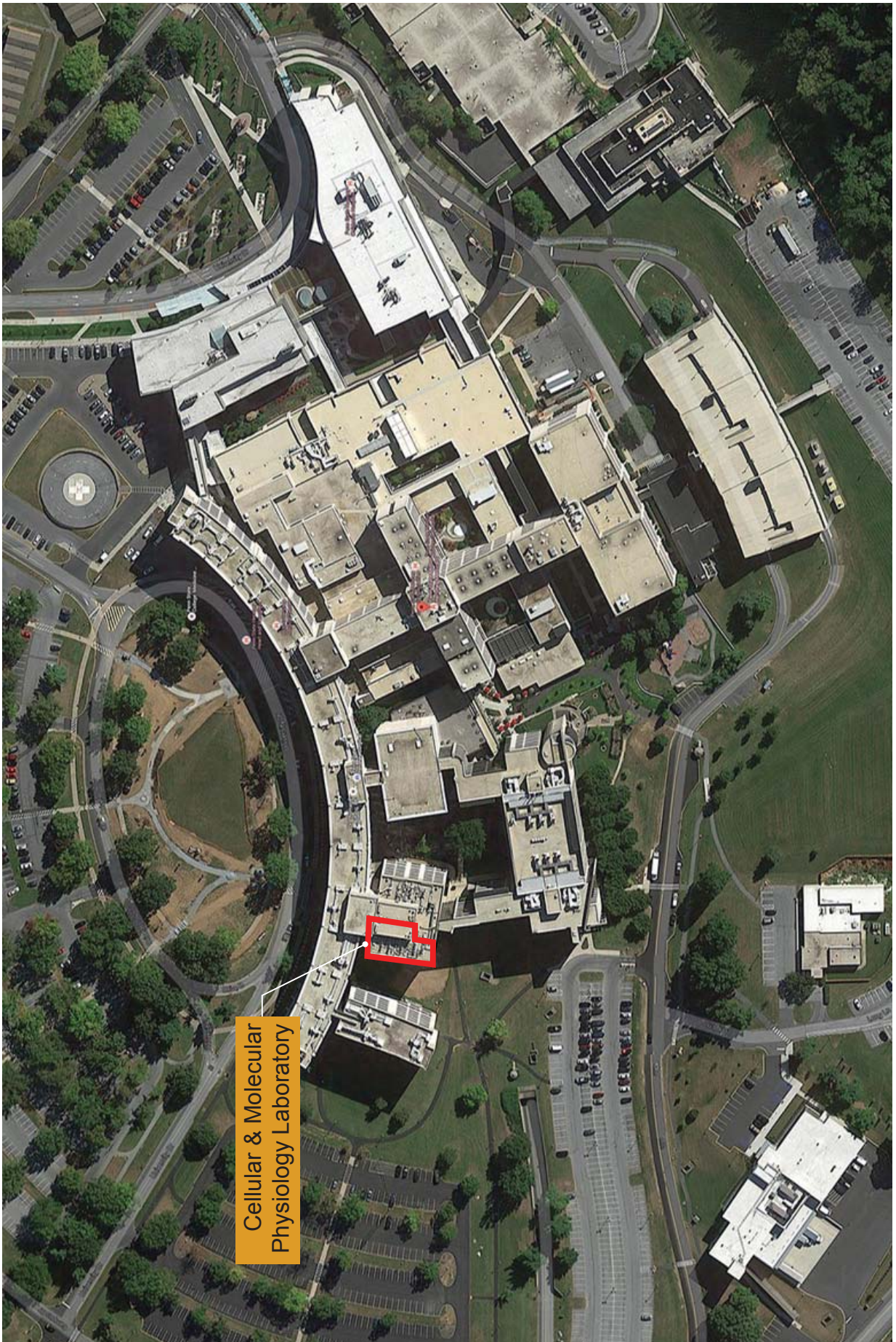


Chambers Building Scope of Work

University Park

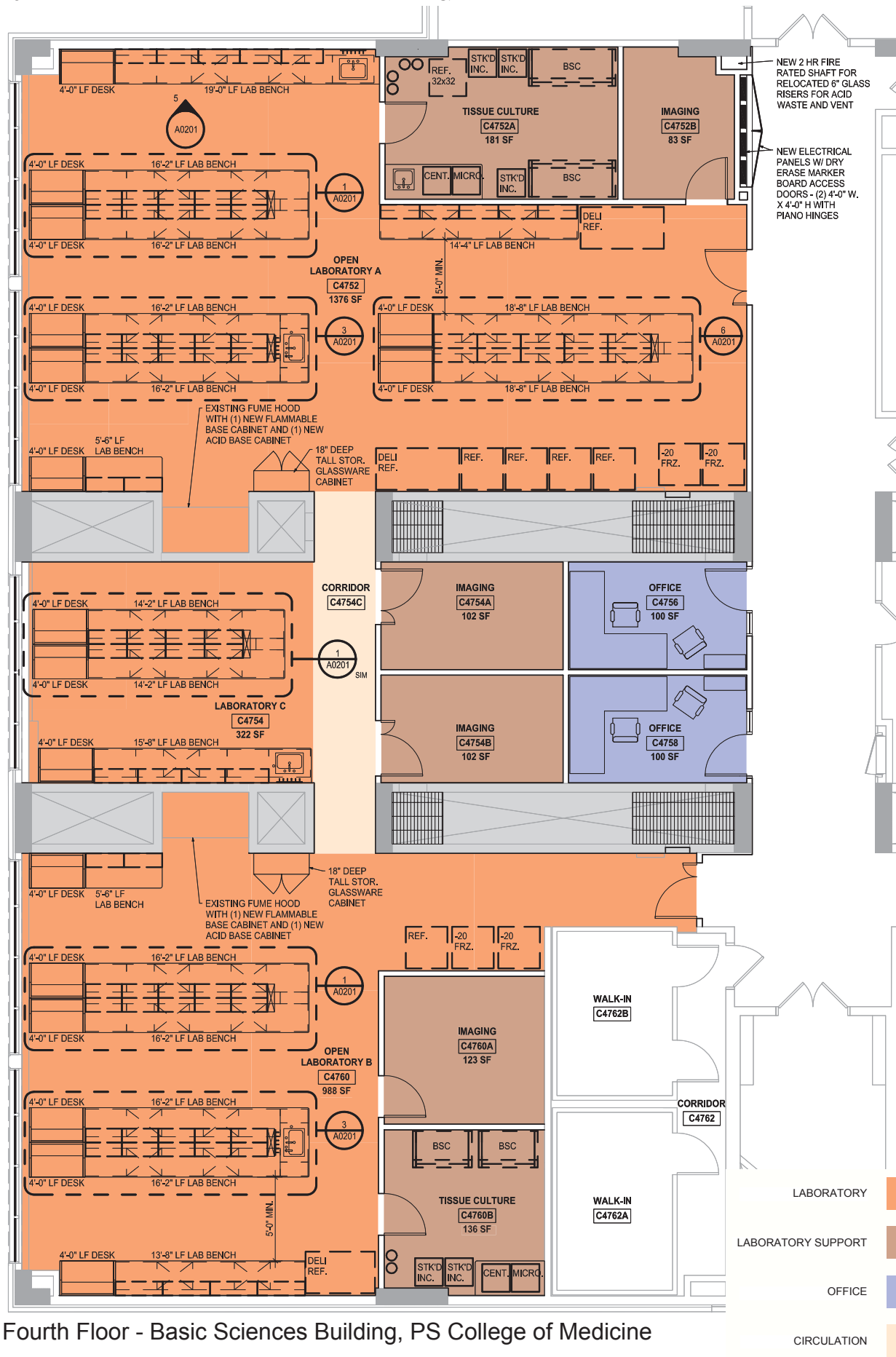


The Milton S. Hershey Medical Center



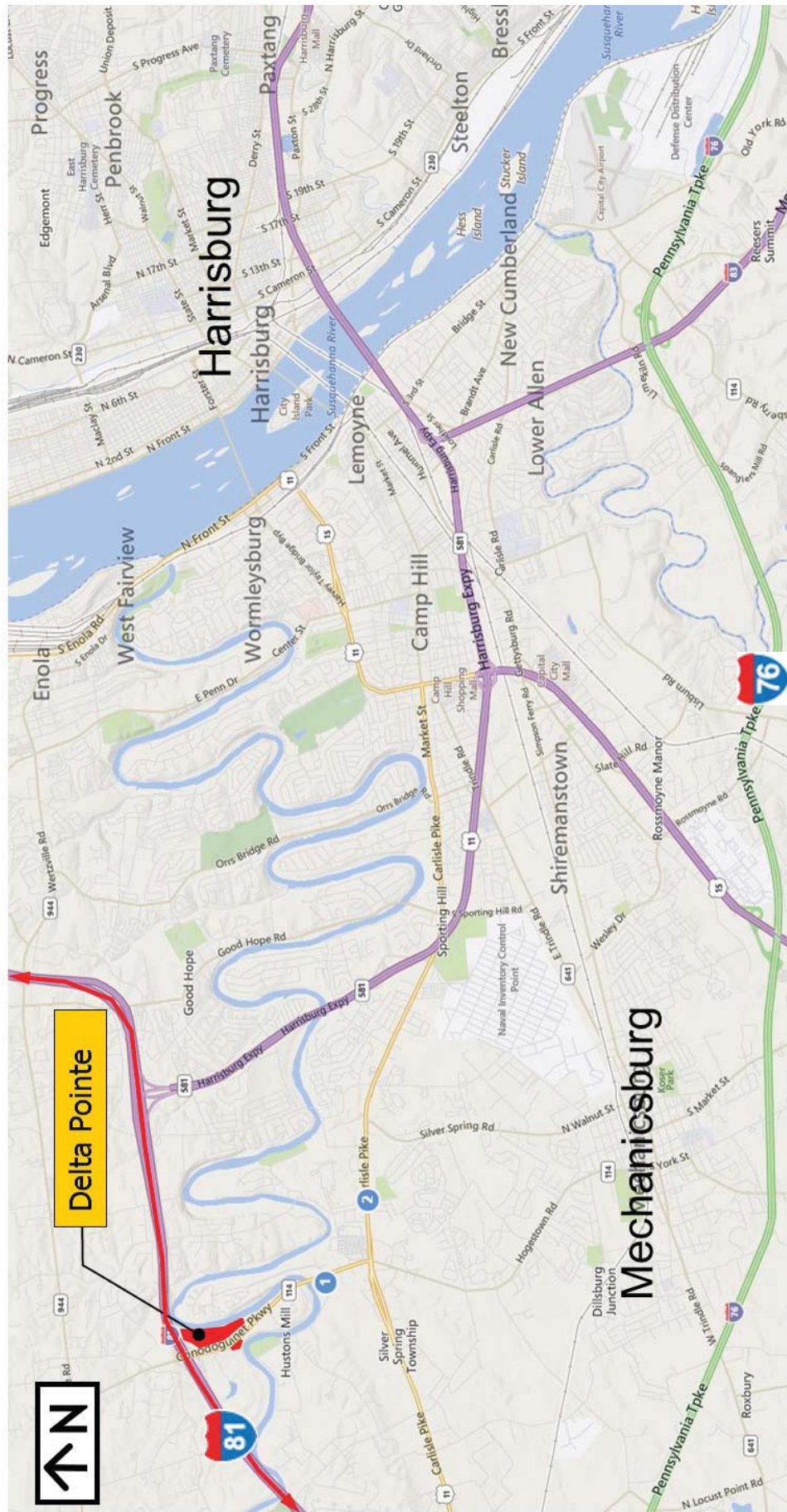
(Appendix II.7)

The Milton S. Hershey Medical Center



Fourth Floor - Basic Sciences Building, PS College of Medicine

Silver Spring Township, Cumberland County

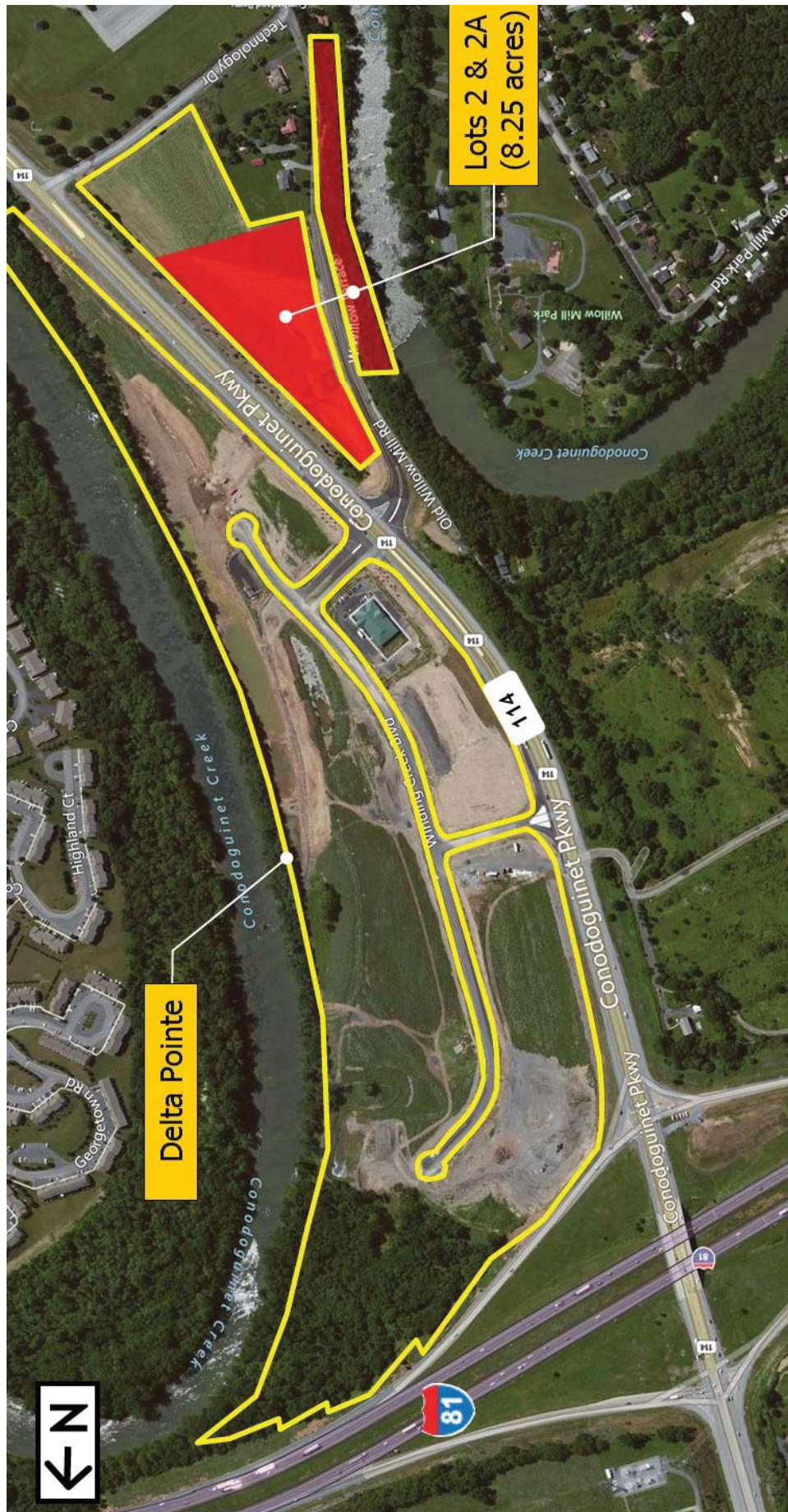


(Appendix II.8)

Silver Spring Township, Cumberland County

5/6/2016

FB&CP



(Appendix II.8)

Ferguson Township, Centre County

5/6/2016

FB&CP



Property owned by PSU

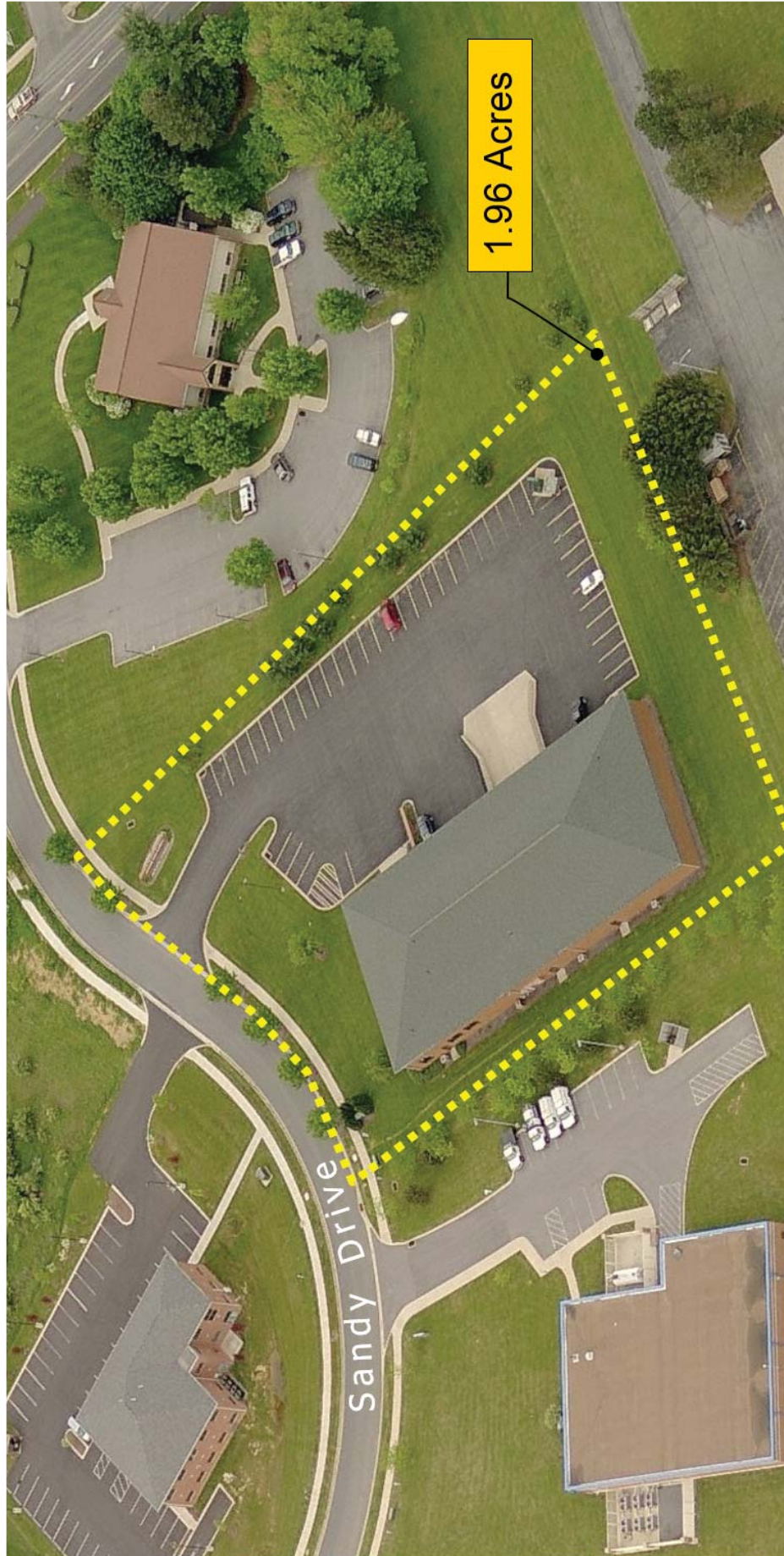
Property leased by PSU

(Appendix II.9)

Ferguson Township, Centre County

5/6/2016

FB&CP



2185 Sandy Drive

(Appendix II.9)

Ferguson Township, Centre County

5/6/2016

FB&CP



Science Park Library Annex

(Appendix II.9)

STATUS OF MAJOR CONSTRUCTION PROGRAMS AND BORROWING (> \$5 Million)
April 30, 2016

Agricultural Digester and Dairy Barn Replacement	\$7,500,000	\$0	\$0	07/15	TBD	TBD	TBD	Project is on hold.
Agricultural Engineering Building Renewal	\$42,940,000	\$0	\$0	01/15	05/16	08/16	12/17	Project in design.
Airport Infrastructure and Site Improvements	\$6,300,000	\$0	\$0	05/15	05/15	TBD	TBD	Project is on hold until FAA funding amounts are confirmed.
Chemical and Biomedical Engineering Building	\$148,800,000	\$0	\$10,000,000	03/15	09/16	09/16	12/18	Project in design.
Delke Building Renovations	\$15,000,000	\$0	\$0	07/15	11/16	11/16	12/17	Project in design.
UP Data Center	\$58,000,000	\$0	\$0	09/13	03/15	04/15	06/16	Construction is approximately 90% complete.
East Halls Renovation and New Residence Hall, Phase 1A	\$65,100,000	\$0	\$0	11/14	02/16	03/16	07/17	Construction began in March 2016.
East Halls Renovation and New Residence Hall, Phase 1B	\$54,100,000				03/17	02/17	07/18	Project in design.
East Halls Renovation and New Residence Hall, Phase 1C	\$55,000,000				03/18	02/18	07/19	Project in design.
Environmental Improvements BFP Installations	\$10,500,000	\$7,000,000	\$0	N/A	N/A	06/08	08/17	Project program is approximately 95% complete.
Findlay Dining Commons Renovation	\$25,100,000	\$0	\$0	09/14	11/15	01/16	12/16	Construction is approximately 5% complete.
HFS Warehouse and Bakery Expansion	\$15,500,000	\$0	\$0	11/13	01/15	03/15	04/16	Construction is approximately 90% complete.
IM Building Addition Phase III	\$30,000,000	\$0	\$0	03/13	02/16	05/16	08/17	Construction to begin in May 2016.
Lacrosse Facility Upgrades	\$8,400,000	\$0	\$8,400,000	03/15	TBD	TBD	TBD	Project in design.
Lasch Football Building Locker/Equipment Room Renovation	\$12,000,000	\$0	\$12,000,000	01/15	11/15	01/16	07/16	Construction is approximately 20% complete.
Morgan Academic Center	\$7,200,000	\$0	\$3,200,000	05/14	09/15	09/15	06/16	Construction is approximately 70% complete.
MRL Renovations	\$25,300,000	\$9,500,000	\$0	N/A	09/14	09/14	11/16	Construction is approximately 75% complete.
Rectal Hall and Music I Renovation	\$22,100,000	\$19,000,000	\$0	12/15 (DGS)	05/17	06/17	07/18	Project in design.
Recreational Facility Access Modifications	\$7,500,000	\$6,000,000	\$0	N/A	02/16	02/16	09/16	Construction began in February 2016.
Research Building West Renovations	\$7,800,000	\$0	\$0	01/15	09/16	09/16	12/17	Project in design.
Residence Hall at North Halls	\$32,250,000	\$0	\$0	09/14	02/16	03/16	07/17	Construction began in March 2016.
Ritenour Student Center	\$6,510,000	\$0	\$4,200,000	N/A	11/15	01/16	10/16	Construction is approximately 15% complete.
Stieble Renovation	\$52,000,000	\$0	\$0	03/12	05/14	06/14	06/16	Construction is approximately 85% complete.
Transformer Replacement Program	\$11,100,000	\$1,000,000	\$0	N/A	N/A	06/07	10/16	Project program is approximately 92% complete.
Water Treatment Plant and Distribution System Upgrades	\$61,600,000	\$45,000,000	\$0	01/11	03/15	05/15	03/17	Construction is approximately 25% complete.
WCSP Steam Turbine Replacement	\$9,200,000	\$0	\$0	01/11	01/13	12/14	09/16	Construction is approximately 88% complete.
WCSP Steam Production Modifications	\$57,300,000	\$0	\$0	01/11	11/12	02/14	08/18	Construction is approximately 50% complete.
Whitmore Laboratory Renovations	\$31,700,000	\$0	\$0	03/12	09/14	01/15	08/16	Construction is approximately 80% complete.

UP

STATUS OF MAJOR CONSTRUCTION PROGRAMS AND BORROWING (> \$5 Million)
April 30, 2016

Campus	Project Data							BOT Milestones		Construction		Notes
	Project Name	Budget Amount	Commonwealth Funding	Gift Amount	Arch/Eng Selection	Final Plan Approval	Start Date	Completion Date				
Abington	Student Apartment Building	\$50,600,000	\$0	\$0	07/14	12/15	12/15	07/17	Construction is approximately 10% complete.			
Altoona	Adler Building Addition and Renewal	\$24,500,000	\$13,710,000	\$0	12/13 (DGS)	11/15	02/16	08/17	Construction is approximately 5% complete.			
Beaver	Michael Baker Building Renovation	\$9,450,000	\$0	\$0	11/13	01/15	04/15	06/16	Construction is approximately 90% complete.			
Brandywine	New Residence Hall	\$31,500,000	\$0	\$0	07/14	12/15	02/16	07/17	Construction is approximately 5% complete.			
	Student Union	\$19,600,000	\$0	\$0	07/14	12/15	02/16	07/17	Construction is approximately 5% complete.			
Erie	Trippe Hall	\$25,000,000	\$0	\$0	11/15	11/16	12/16	07/18	Project in design.			
Harrisburg	Student Enrichment Center	\$30,000,000	\$0	\$1,000,000	11/13	03/15	04/15	08/16	Construction is approximately 65% complete.			
Hazleton	Kostos Building Renewal	\$15,500,000	\$12,000,000	\$0	10/14 (DGS)	02/16	05/16	10/17	Construction to start in May 2016.			
Hershey	Hershey Data Center	\$54,000,000	\$0	\$0	09/13	11/14	01/15	08/17	Construction is approximately 90% complete.			
	Combined Heat and Power Plant	\$19,100,000	\$0	\$0	11/15	09/16	10/16	12/17	Project in design.			
York	Ruhl Student Center and Multi-Purpose Building Addition and Renovation	\$13,500,000	\$0	\$1,000,000	11/13	09/15	09/15	09/16	Construction is approximately 25% complete.			

Bold - Completed, *Italics* - Projected

Summary of University Long-Term Debt - \$(000) (excluding PCT)

Total Bonds, Notes and Capital Leases as of June 30, 2015	\$891,754
Bonds, Notes, and Capital Leases Issued Year to Date Fiscal Year 2015/16	\$40,040
Year to Date Principal Payments and Premium Amortizations	(\$32,582) *
<i>Total Bonds, Notes and Capital Leases as of April 30, 2016</i>	\$899,212

* Related Interest Expense Totals Approximately \$29,928

Authorized Borrowing Status - \$(000) (excluding PCT)

Borrowing Authority per September 2013 Board of Trustee	\$750,000
Capital Leases, Bonds, & Notes Issued	(\$152,257)
Future Capitalized Leases & Other Anticipated Commitments	(\$161,650)
Estimated Authority Remaining	\$436,093

The Milton S. Hershey Medical Center

5/6/2016

FB&CP

Data Center - Final Construction Report



Main Entrance



Rack Space



Administrative Suite

- Completion April 2016
- \$54,000,000 Authorized
- \$51,600,000 Final Cost

SCOPE:

The 54,800sf addition / 52,000sf renovation provides business continuity and backup for University Park. The energy efficient data center serves an initial one megawatt capacity and is designed for significant future expansion. Site work includes a new 48-space parking lot.



Long-Term Investment Pool & Similar Funds (LTIP)

Investment Review for Calendar 2015

Submitted March 2016

This cover page provides a summary overview of the Pennsylvania State University Long-Term Investment Pool (LTIP) for Calendar Year 2015. The second page summarizes LTIP-related data that is discussed in detail on the remaining pages, along with performance analysis.

Executive Overview

Long-Term Investment Pool (LTIP) Performance

Annualized *net* investment returns for the Penn State University LTIP (adjusted for the impact of gifts and spending, and after external investment management expenses) for periods ending December 31, 2015 are:

<u>Calendar 15</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
1.1%	7.5%	8.0%	6.8%

Long-Term Investment Pool Market Value (pg 3)

As of December 31, 2015, Penn State University's LTIP was valued at \$3.63 billion, which includes \$2.34 billion in endowment assets and \$1.29 billion in non-endowed funds. An additional \$115 million was held as Similar Funds (see page 2 for details). Endowment spending is reviewed on pages 2 and 3.

Review of Investment Markets (pg 4)

The graph below compares respective returns for the 12-months ending December 31, 2015 and December 31, 2014 for the S&P 500, MSCI All Country World (ACWI) ex-US, Dow Jones UBS Commodities, Barclays Aggregate Bonds, and publicly-traded Real Estate Investment Trusts (REITs) Indexes. As shown below, investment market returns for Calendar 2015 lagged respective returns for December 31, 2014.

Investment Diversification and Asset Mix (pg 5)

At calendar year-end, 47% of LTIP assets were invested in public equities (domestic and foreign) and 16% in private equity and venture capital, in combination representing 63% of LTIP in growth-oriented assets. In addition, 20% was invested in fixed income/cash, 9% in real assets, and 8% in diversifying (hedged) strategies.

Comparative Fund Performance (pg 6)

Penn State's LTIP returned 1.1% net for the year ending December 31, 2015, surpassing the -0.2% return of the Passive Policy Portfolio, while LTIP's 3-yr and 5-yr relative performance was notably better than the respective passive benchmark returns.

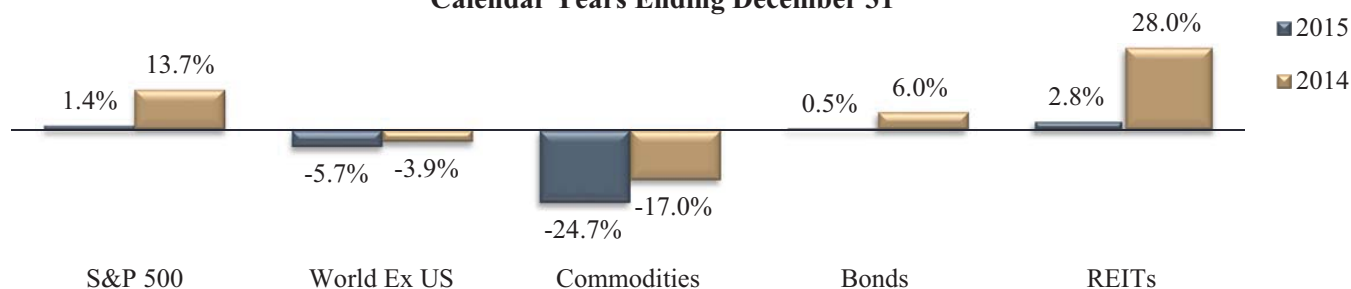
LTIP Liquidity (pg 7)

With nearly one-half of assets convertible to cash in a matter of days, the LTIP maintains adequate liquidity to satisfy anticipated cash requirements.

LTIP Performance and Spending (pg 8)

LTIP's average annual net returns of 6.8% and 8.0% for the last 10- and 20-year periods, respectively, have enabled LTIP to attain inflation-adjusted returns in excess of spending, achieving long-term intergenerational equity.

**Investment Market Returns
Calendar Years Ending December 31**



5-Year LTIP Facts and Figures

	2015	2014	2013	2012	2011
Investment Performance					
Endowment ¹ (annualized net returns)	1.1%	7.6%	14.2%	14.0%	3.9%
Market Values (\$ millions)					
Endowment ¹	2,340.3	2,310.1	2,120.7	1,859.0	1,669.1
Similar Funds ²	115.2	108.3	109.7	94.3	89.7
Endowment and Similar Funds	2,455.5	2,418.4	2,230.4	1,953.3	1,758.8
Gifts & Other Additions (\$ mils)	122.4	120.1	87.3	52.6	139.1
Annual Spending (\$ mils)	95.1	79.6	73.1	71.2	66.4
Non-Endowed Funds ³	1,286.8	1,121.3	1,081.0	717.3	134.8
Total LTIP ⁴ & Similar Funds	3,742.3	3,539.7	3,311.4	2,670.6	1,893.6
1) Endowment — donor-restricted gifts					
2) Similar Funds — deferred gifts and donor-restricted funds in transit to Endowment					
3) Non-Endowed Funds earmarked for FAS 106 liability (employee post-retirement health care benefits) & President's Strategic Initiative Fund. These funds were phased in between 2009 and 2015.					
4) Commingled assets over which Penn State's Office of Investment Management (OIM) has investment responsibility, as approved by the Penn State Investment Council (PSIC), exclusive of Similar Funds					

Penn State Investment Council (PSIC) Fund Approvals

August 21 2015:

- Committing \$15M to: Private equity LP focused on growth state and mid-market technology companies
- Committing \$10M to: Early-stage venture LP

October 30, 2015:

- Investing \$60M in: Global healthcare equity
- Investing \$20M in: Emerging / frontier equity
- Committing \$20M to: Private equity / buyout LP focused on defense and aerospace

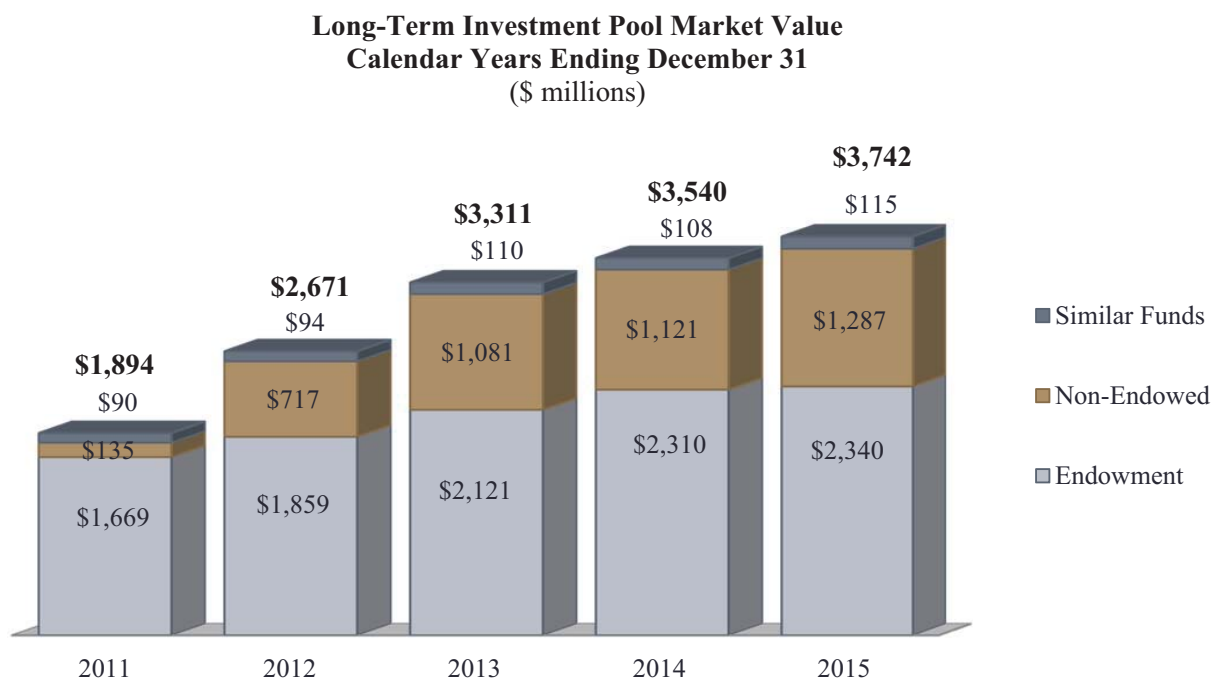
November 17, 2015:

- Committing \$15M to: Private equity LP focused on growth stage and mid-market technology companies

Please note that commitments made to Limited Partnerships (LPs) are not immediately invested and are called (paid in) over several years until commitment is satisfied, except as noted.

Long-Term Investment Pool Market Value

As of December 31, 2015, Penn State's Long-Term Investment Pool was valued at \$3.63 billion, including non-endowed funds in the amount of \$1.29 billion that have been commingled into the LTIP. Non-pooled assets — charitable remainder trusts, charitable gift annuities, and other life income funds in addition to donor restricted funds — accounted for an additional \$115 million, shown below as Similar Funds, for a total \$3.74 billion in assets.



Endowment Assets

Endowment assets increased by \$30.2 million during calendar 2015, from \$2.31 billion to \$2.34 billion. As seen in the table on page 2, endowed gifts added over the last 12 months totaled \$122 million, while endowment program support (spending) amounted to \$95 million. Current endowment spending has been approved by the Board of Trustees to remain at an annual rate of 4.5%.

Long-Term Investment Pool

Excluding \$115 million in similar funds that are managed externally, the market value of the Long-Term Investment Pool (LTIP) totaled \$3.63 billion, as of December 31, 2015. In addition to endowment assets of \$2.34 billion, LTIP includes \$1.29 billion in non-endowed assets that have been commingled for investment purposes, but are restricted to the on-going funding of the University's FAS 106 liability.

The remainder of this report will focus on the Long-Term Investment Pool, including all commingled funds.

Review of Investment Markets in Calendar 2015

In the table below, representative financial market returns are listed for 1-, 3-, and 5-year periods covering four major asset categories: Global Equities (divided into US Equities and Non-US Equities), Fixed Income, Commodities, and Private Capital. The performance of investment markets that impact Penn State University's Long-Term Investment Pool (LTIP) is discussed below.

<i>Annualized Percentage Returns as of December 31, 2015</i>		<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Global Equities U.S.				
S&P 500 Index (US Large Cap Equities)		1.4	15.1	12.6
Russell 3000 Index (Total US Equities)		0.5	14.7	12.2
Russell 2000 Index (US Small Cap Equities)		-4.4	11.7	9.2
Global Equities Non-U.S.				
MSCI All Country Ex-U.S. Index (ACWI)		-5.7	1.5	1.1
MSCI Developed Non-U.S. Index (EAFE)		-0.8	5.0	3.6
MSCI Emerging Markets Index (EME)		-14.9	-6.8	-4.8
Fixed Income				
Barclays US Aggregate Bond Index		0.5	1.4	3.2
Barclays US Treasury TIPS Bond Index		-1.4	-2.3	2.5
JP Morgan Global Bond Index		-3.6	-2.7	-0.1
Commodities				
Bloomberg Commodities Index		-24.7	-17.3	-13.5
Gold (SPDR GLD)		-10.6	-14.4	-5.8
Private Capital (9/30/15)				
Venture Capital (Cambridge Associates)		21.3	20.2	17.6
Private Equity (Cambridge Associates)		5.9	13.6	14.3
Private Real Estate (NCREIF)		13.5	11.9	12.5

Market Notes:

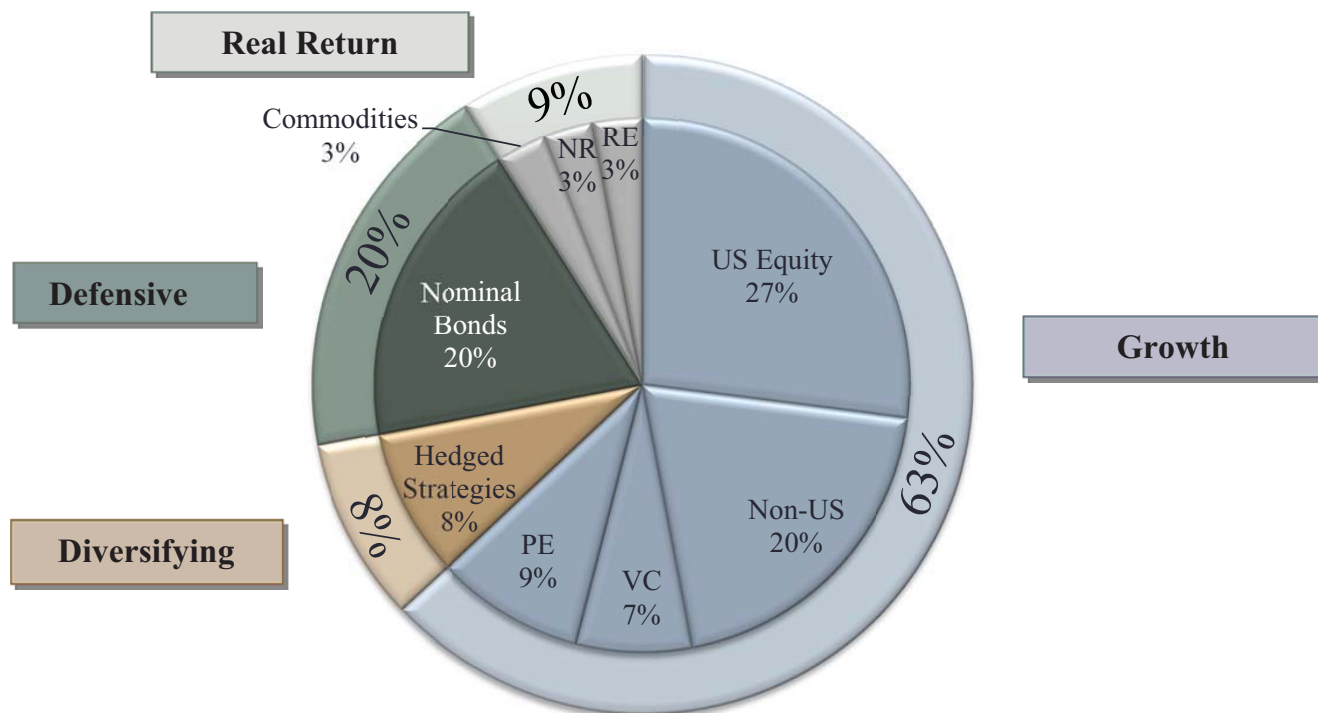
- **Global Equities:** Except for Small Cap, US Equities recorded single-digit advances for the calendar year ended December 31, 2015, with stronger double-digit returns for the 3-, and 5-year periods. US Equities continued to outpace non-US Equities over all three periods. Non-US Equities in total were down -5.7% in calendar 2015, with Developed Markets, EAFE, returning -0.8% and Emerging Market Equities, EME, returning -14.9%.
- **Fixed Income:** US Aggregate Fixed Income continued a pace of modest, positive gains while US TIPS were slightly negative, -1.4%, and Global Bonds declined -3.6%, in calendar 2015.
- **Commodities:** The Bloomberg Commodities Index continued its negative trend, registering losses of -24.7%, -17.3%, and -13.5% for the trailing 1-, 3-, 5-years, while Gold's -10.6% return outpaced commodities overall.
- **Private Capital:** Private Equity, Venture Capital, and Private Real Estate continued their double-digit gains for each of the 1-, 3-, 5-year periods ending 9/30/2015, which is the latest reporting period for non-marketable investments.

Economic and Market Outlook

On the following two pages, LTIP's broad and detailed asset mix is discussed, followed by the composite investment returns for each of the four above asset categories compared to the corresponding LTIP returns.

Investment Diversification and Asset Mix

Asset allocation is a primary determinant of investment performance and risk control. LTIP's asset mix combines four strategic investment themes – growth (economic-sensitive), diversifying (low sensitivity to economic/investment market fluctuations), real (inflation-sensitive), and defensive (counter-sensitive to market turbulence) – to maximize potential returns, while tempering volatility. In the graph below, the four macro investment themes are shown in the outermost ring with their December 31, 2015 allocations of 63%, 8%, 9%, and 20%, respectively. Over time, the percentages vary depending on market trends and allocations approved by the Penn State Investment Council.



At a more granular level, LTIP's diversified portfolio includes a variety of traditional asset classes that comprise the four strategic themes, as shown by the slices within the inner pie (percentages are rounded):

- Growth (63%): 27% in publicly-traded US and 20% in publicly-traded non-US common stocks, as well as 7% in venture capital (VC), and 9% in private equity (PE) funds.
- Diversifying (8%): 5% in credit-related, and 3% in equity-related strategies.
- Defensive (20%): 5% in investment grade bonds, 4% in global bonds, and 11% in short-term investments.
- Real Return (9%): 3% in real estate (RE), 3% in natural resources (NR), and 3% in commodities.

The above grouping by investment themes provides insight to the functional role of the various asset classes within LTIP. The relative allocations represent comparative long-term return expectations, tempered by risk-mitigating assets to offset capital market turbulence. Hence, the approximately 63% currently allocated to growth is intended to take advantage of the capital appreciation and purchasing power protection historically offered by higher returning equity investments. Given the sometimes volatile nature of equity returns, 20% is invested in defensive (fixed income) and 8% in various hedged strategies to provide stability and diversification during times of market turbulence and uncertain economic conditions. In addition, 9% of LTIP is allocated to real return in order to help neutralize inflationary episodes.

LTIP Performance Compared to Passive Portfolio

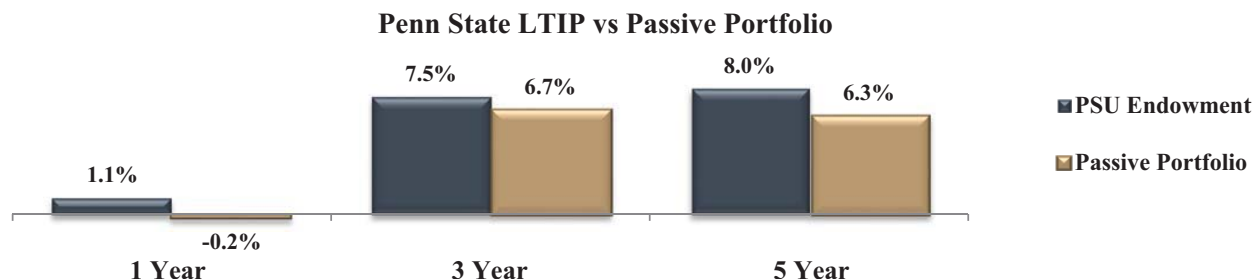
The Long-Term Investment Pool's investment performance is measured against a hypothetical *Passive Portfolio*, comprised of four broad asset categories: Public Equities, Private Capital, Fixed Income and Commodities. This passive portfolio serves as a blended benchmark against which the performance of the actual, actively-managed, and more broadly-diversified LTIP portfolio is monitored. This analysis is distinct from the foregoing conceptual, strategic themes which do not lend themselves to benchmarks analysis.

These categories are very broadly defined: the equity and fixed income categories include hedge funds whose strategies are equity and/or credit oriented, respectively, while commodities include hedged and long-only strategies. The custom index for Private Capital includes representative private equity, venture capital, and private real estate partnership time-weighted returns.

In the table below, the respective static weightings of the four asset categories are associated with corresponding market benchmarks and their respective index returns to generate *Passive Portfolio* returns over 1-, 3-, and 5-year horizons:

<u>Asset Class</u>	<u>Benchmark</u>	<u>Weighting</u>	<u>Annualized Benchmark Returns</u>		
			<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Public Equities	MSCI All Country World	55%	-2.4	7.7	6.1
Total Private Capital	Custom Index	20	11.0	15.2	14.7
Fixed Income	Barclays Aggregate Bond Index	20	0.5	1.4	3.2
Commodities	Dow Jones UBS Commodities	5	-24.7	-17.3	-13.5
Total Passive Portfolio (net)		100%	-0.2%	6.7%	6.3%

Note: The weightings used above are assumed to be constant over the entire 5-yr.

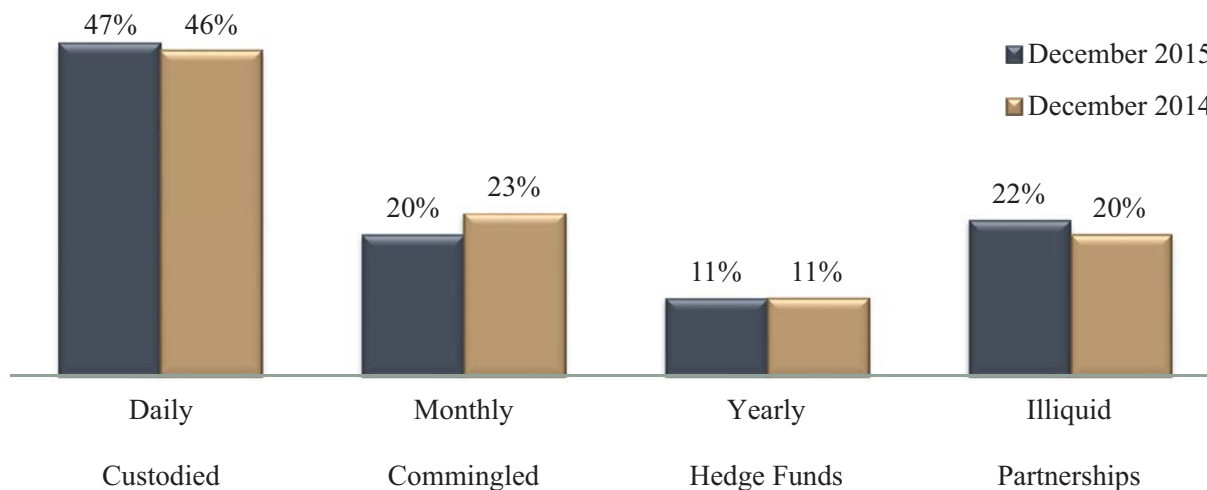


As shown above, Penn State's LTIP returned 1.1% net for calendar 2015, surpassing the -0.2% return of the Passive Portfolio over the trailing 12 months. For the 3- and 5-year periods, the Long-Term Investment Pool's annualized returns of 7.5% and 8.0% outpaced the Passive Portfolio's returns of 6.7% and 6.3%, respectively. These returns indicate that, over the long term, LTIP was able to outperform passive indexes through selection of active investment managers and broad diversification of assets as shown on the previous page.

The Passive Portfolio provides a guidepost to help achieve long-term results that are consistent with the twin objectives of purchasing-power preservation, along with stable LTIP spending. LTIP's performance varies from the *static* Passive Portfolio as a consequence of several factors, including, but not limited to, the timing of cash-flows, tactical shifts in asset mix, and individual investment manager performance and turnover.

Long-Term Investment Pool Liquidity

Financial crises are characterized, among other considerations, by lack of liquidity, as institutions are unable to meet current obligations due to lack of available cash. In the graph below, LTIP assets are classified according to how quickly they can be converted to cash. Securities listed on exchanges or traded over-the-counter, and held in custody as separately managed accounts, can be liquidated on a daily basis (typically 1- and 3-day settlement for bonds and stocks, respectively). Commingled portfolios, i.e., collectively-managed investment pools of publicly-traded securities, are eligible for purchase or sale at least once a month. Hedge fund partnerships are typically open for at least partial liquidation once a year, with a few having more and/or less frequent liquidity “windows.” Non-marketable partnerships are considered illiquid primarily because of the inability of limited partner investors to transact at will.



Observations from the blue (left) bars of each of the four pairs above for the period ending December 31, 2015:

- 47% percent of LTIP assets are invested in stocks and bonds that can be converted to cash in a matter of days. Of this, 11% is currently held in money market accounts and short-term fixed income investments.
- Commingled portfolios, primarily non-US public equities, comprise 20% of LTIP assets and can be converted to cash within 30 days or, in some cases, sooner. Commingled investment structures are used for non-US holdings in lieu of registering in individual countries where foreign companies are headquartered.
- 11% of LTIP assets are invested in various diversifying hedge fund partnerships and can be at least partially converted to cash annually or, in many cases, quarterly.
- 22% percent of LTIP assets are invested in more than 100 different partnership funds or other non-marketable investments that are considered illiquid because underlying holdings are typically not readily marketable or the timing of future realizations into cash distributions are uncertain.

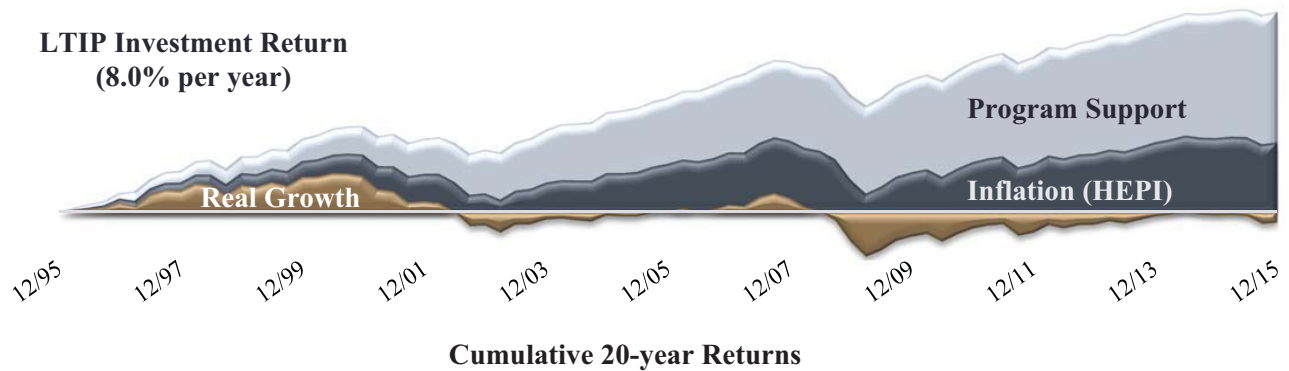
The foregoing indicates that LTIP maintains sufficient liquidity to satisfy anticipated cash requirements.

Liquidity Trends

As shown above, the liquidity profile of Penn State's LTIP has shifted somewhat from the end of calendar 2014 (tan bars) to the end of calendar 2015 (blue bars). Daily liquidity rose slightly to 47% with increased short-term investments, while monthly liquidity decreased from 23% to 20%. Yearly liquidity remained at 11%, while illiquid non-marketable alternative assets increased from 20% to 22%. Over time, stepped up commitments to partnerships will gradually result in larger representation by non-marketable investments.

Long-Term LTIP Growth and Spending

In the chart below, the top line represents the cumulative net investment return of the Penn State Long-Term Investment Pool (LTIP) over the last 20 years, averaging 8.0% per year. The layers illustrate investment return apportioned to program support (spending, as previously discussed on pages 2 and 3) and inflation (as measured by the Higher Education Price Index [HEPI]), with the remaining residual representing net, real (inflation-adjusted) growth.



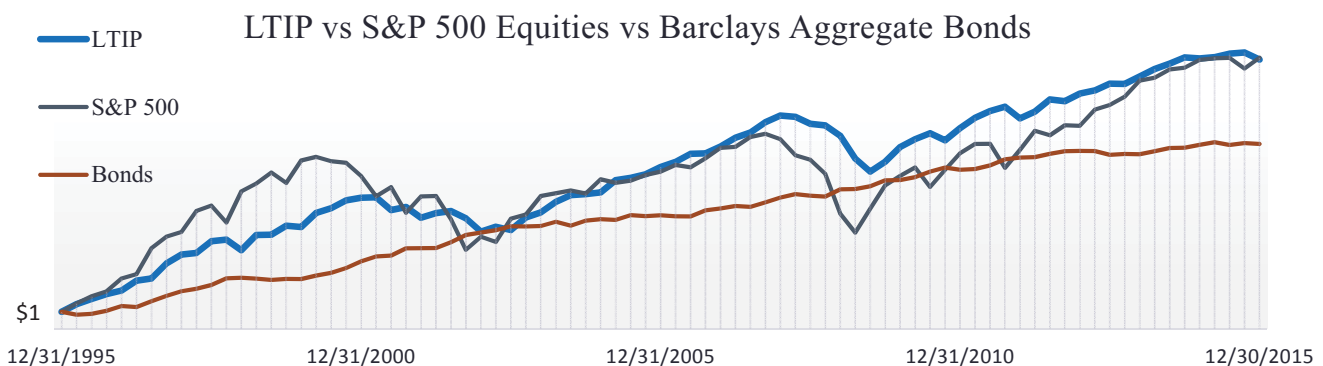
LTIP's primary investment goal is to earn a long-term rate of return sufficient to support *current* spending and to preserve *future* purchasing power. This two-pronged objective is illustrated by apportioning total nominal (i.e., before adjusting for inflation) investment return (topmost line above) into discrete layers, representing program support and inflation, along with a residual layer corresponding to net *real* growth.

Because investment returns periodically fluctuate (illustrated by the jagged topography above), real growth, which nets out program support and inflation from total LTIP return, oscillates across the horizontal "intergenerational equity" line. While market fluctuations have caused the growth layer to swing positive and negative around the horizontal line, intergenerational equity has largely been achieved.

20 Years of LTIP Growth Relative to Equities and Bonds

The top line of the chart above, representing the growth of \$1 compounded at LTIP's average annual return of 8.0% for 20 years ending 12/31/2015, is compared in the chart below (LTIP- thick blue line) to the same period returns for the S&P 500 Index (S&P 500- green line) and Barclays Aggregate Bonds (BAGG- brown line).

As shown, the 20-year cumulative growth for LTIP's diversified portfolio has essentially matched that of the S&P 500 Index with less-pronounced oscillations, indicating LTIP was less volatile than equities over the same period. Both have clearly outpaced the growth of \$1 invested in bonds (BAGG). It is observed that LTIP would have outpaced any mix, within a balanced portfolio, of these representative index returns for equities and bonds over this time period.



University Park



Proposed Names

- A: North Sparks Street
- B: North Barnard Street
- C: Steam Drive
- D: Henderson Drive
- E: Science Drive
- F: Ag. Hill Drive
- G: Millennium Drive
- H: Commuter Drive
- (* indicates sign location)

**Revised
Proposal for a
Multi-Year Capital Assessment
on the Room Rate
from 2016 through 2023**

**Housing and Food Services
The Pennsylvania State University
*May 2016***



At the February 2016 meeting of the Board of Trustees, the Board approved a multi-year Capital Assessment schedule for the room rates for Housing and Food Services. The Capital Assessment is used as a funding source for projects in the Housing and Food Services (H&FS) Capital Plan. The largest projects in the H&FS Capital Plan are the renovations of East Halls and Pollock Halls, initially planned to be completed in 12 years.

At the request of the Board, H&FS has developed an accelerated renovation plan that reduces the time frame for completion to 9 years. This plan requires a revision to the annual amounts of the multi-year Capital Assessment.

Background information regarding the H&FS Capital Plan, the need for the capital assessment, and a revised capital assessment schedule for approval, are included below.

A long-range capital plan spanning 15 years from 2013-2028 has been developed by Housing and Food Services and includes a facilities master plan with a supporting financial model. The H&FS Capital Plan responds to three driving forces: the need for renovations, the need to expand capacity, and the need to support the University's strategic initiative in the Philadelphia area. Faced with issues of an aging inventory, increased student expectations, a burgeoning off-campus market, and a need for a strategic investment at Abington and Brandywine— and after benchmarking with other institutions, surveying students, and employing consultants – the H&FS Capital Plan addresses the most critical facilities needs and priorities, while not overburdening students and their families with spiking rate increases.

Some of the major projects in the plan are as follows:

- Renovation of East and Pollock Halls at University Park,
- Construction of new and/or additional space at University Park, Abington, Brandywine and several Commonwealth Campuses including Behrend and Altoona,
- Renovation of Findlay Dining Commons at University Park,
- Construction of dining facilities at Brandywine as part of the new student union.

More details regarding the projects, estimated costs, and timetable can be found in the H&FS Capital Plan on Board Effect.

The renovation and expansion projects in the H&FS Capital Plan require financial support over and above the funds needed for standard operations. To generate the additional revenue, a capital assessment has been planned for a total of 10 years, beginning in fiscal year 2013/14. This assessment is added to the room rates, and is in addition to an annual operating increase needed to cover inflation. Through use of the incremental assessment, Housing and Food Services can secure the necessary funding by year 10 of the 15-year capital plan, while also avoiding large spikes in the room rates.

Fiscal year 2016/17 represents year 4 of the 10-year capital assessment plan. In order to assure the implementation of the plan, allow for the renovation and construction work to be completed without interruptions, and avoid cost increases due to delays, an up-front multi-year approval of the capital assessment was approved by the Board in February 2016.

Housing and Food Services is proposing the following revised schedule for the capital assessment through 2023, or year 10 of the overall capital plan.

Fiscal Year	Previously Approved Capital Assessment	Revised Capital Assessment
	Average Increase per Semester	Average Increase per Semester
2016/17	\$56	\$56
2017/18	\$59	\$75
2018/19	\$62	\$70
2019/20	\$66	\$74
2020/21	\$69	\$77
2021/22	\$73	\$80
2022/23	\$78	\$84

AMENDED AND RESTATED
BYLAWS
of
THE PENNSYLVANIA STATE UNIVERSITY
Adopted ~~November 14, 2014~~May 6, 2016

TABLE OF CONTENTS

	Page
ARTICLE I NAME AND PURPOSE	1
Section 1.01 Name	1
Section 1.02 History.....	1
Section 1.03 Purpose.....	1
ARTICLE II TRUSTEES	2
Section 2.01 Number, Election and Term of Office	2
Section 2.02 Qualifications for Membership	4
Section 2.03 Removal	5
Section 2.04 Regular Meetings; Notice	5
Section 2.05 Annual Meeting of the Board	6
Section 2.06 Special Meetings; Notice	6
Section 2.07 Quorum	6
Section 2.08 Actions	7
Section 2.09 Meetings by Telephone.....	7
Section 2.10 Resignations.....	7
Section 2.11 Vacancies	8
Section 2.12 Compensation	8
Section 2.13 Certain Meetings.....	8
ARTICLE III COMMITTEES AND SUBCOMMITTEES	8
Section 3.01 Committees and Subcommittees.....	8
Section 3.02 Executive Committee.....	8
Section 3.03 Standing Committees and Subcommittees.....	10
Section 3.04 Quorum and Actions	18

Section 3.05	Authority of Board	18
Section 3.06	Special Assignments	18
ARTICLE IV LIABILITY AND INDEMNIFICATION		19
Section 4.01	Personal Liability of Trustees	19
Section 4.02	Indemnification	19
ARTICLE V OFFICERS AND EMPLOYEES		22
Section 5.01	Officers	22
Section 5.02	Additional Officers; Other Agents and Employees	24
Section 5.03	The Chair	24
Section 5.04	The President	24
Section 5.05	The Vice President(s).....	26
Section 5.06	The Secretary, Associate Secretary and Assistant Secretaries.....	26
Section 5.07	The Treasurer and Assistant Treasurers.....	27
Section 5.08	Vacancies	28
Section 5.09	Delegation of Duties	28
ARTICLE VI MISCELLANEOUS CORPORATE TRANSACTIONS AND DOCUMENTS ..		35
Section 6.01	Execution of Notes, Checks, Contracts and Other Instruments.....	35
Section 6.02	Voting Securities Owned by the University	35
ARTICLE VII GENERAL PROVISIONS		35
Section 7.01	Offices	35
Section 7.02	Corporate Seal.....	36
Section 7.03	Fiscal Year	36
Section 7.04	Private Inurement.....	36
ARTICLE VIII CONFLICTS OF INTEREST		36
Section 8.01	Definitions.....	36

Section 8.02	Disclosure	37
Section 8.03	Annual Disclosure.....	37
Section 8.04	Recusal	38
Section 8.05	Proposed Transaction with Trustee or an Entity in which a Trustee has a Substantial Interest.....	38
Section 8.06	Annual Statements	39
Section 8.07	Fiduciary Duty	39
Section 8.08	Misuse of Information.....	40
Section 8.09	Gifts and Favors	40
Section 8.10	Pre-Existing Contract or Transaction.....	40
Section 8.11	Family Members as Employees	40
Section 8.12	Employment of Trustees	40
Section 8.13	Disclosure of Potential Conflict of Interest by Employees of the University	40
Section 8.14	Consultation	41
ARTICLE IX AMENDMENTS		41
Section 9.01	Amendments	41

THE PENNSYLVANIA STATE UNIVERSITY**Amended and Restated Bylaws****ARTICLE I****NAME AND PURPOSE**

Section 1.01 Name. The name of the corporation is The Pennsylvania State University (hereinafter referred to as the “University”), existing under the Pennsylvania Nonprofit Corporation Law of 1988.

Section 1.02 History. The University was created as the Farmers’ High School by special act of the Pennsylvania legislature on February 22, 1855. The name of the institution has been changed successively to the Agricultural College of Pennsylvania in 1862, the Pennsylvania State College in 1874 and The Pennsylvania State University in 1953. On August 28, 1878, after the enactment of Pennsylvania’s first corporation law, and pursuant to the provisions thereof, the institution elected to be subject to such corporation law and thereafter, has been existing under such law, as such law has been amended, supplemented and modified from time to time.

Section 1.03 Purpose. The University was formed in 1855 as an institution for the education of youth in the various branches of science, learning and practical agriculture, as they are connected with each other. The University currently exists as a multi-campus public research university that educates students from Pennsylvania, the nation and the world, and improves the wellbeing and health of individuals and communities through integrated programs of teaching, research, and service.

ARTICLE II**TRUSTEES**

Section 2.01 Number, Election and Term of Office. The affairs of the University shall be managed by a Board of Trustees.

(a) The number of Trustees which shall constitute the full Board of Trustees shall be fixed at thirty-eight (38), as set forth herein.

(i) Ex Officio Voting Members. The Secretary of Education, the Secretary of Agriculture and the Secretary of Conservation and Natural Resources shall be *ex officio* voting members of the Board of Trustees.

(ii) Ex-Officio Non-Voting Members. The Governor of the Commonwealth of Pennsylvania and the President of the University shall be ex-officio non-voting members of the Board of Trustees.

(iii) Members Appointed by the Governor. Six Trustees shall be appointed by the Governor of the Commonwealth of Pennsylvania.

(iv) Members Elected by the Alumni. Nine Trustees shall be elected by the alumni and former students of the University.

(v) Members Elected by Agricultural Organizations. Six Trustees, who shall be members of and represent organized agricultural societies and associations, shall be elected by three delegates from each county in the Commonwealth representing organized agricultural societies or associations of the said county.

(vi) Members Elected Representing Business and Industry. Six trustees representing business and industry endeavors shall be elected by the Board of Trustees.

(vii) A Member Elected Representing the Student Body. In May 2015 and bi-annually thereafter, a trustee representing the student body (the “Student Trustee”) shall be elected by the Board of Trustees.

(viii) A Member Elected Representing the Faculty. In May 2015 and every three years thereafter, a trustee representing the faculty shall be elected by the Board of Trustees.

(ix) A Member Representing the Penn State Alumni Association. Commencing July 1, 2015, and bi-annually thereafter, the immediate past President of the Penn State Alumni Association shall become an *ex officio* voting member of the Board of Trustees.

(x) At-Large Members Elected by the Board of Trustees. In May 2015 three at-large members shall be elected by the Board of Trustees. Thereafter, one at-large trustee shall be elected annually by the Board of Trustees.

(b) Except as set forth below, each Trustee shall serve for a term of three (3) years. The Student Trustee and the trustee who serves ex-officio as the immediate past President of the Penn State Alumni Association shall each have a two year term. The initial at-large trustees shall be elected for staggered terms of one, two and three years, respectively. Term limits for Trustees (other than *ex officio* Trustees) will be 12 years, effective with terms beginning July 1, 2013 or thereafter. This provision for term limits shall not apply to members of the Board of Trustees while serving in the capacity as Chair of the Board of Trustees. Such individuals will be considered eligible for re-election or re-appointment as a member by the respective constituent group. For Trustees with terms beginning prior to July 1, 2003, the previously enacted 15 year term limit is effective as of July 1, 2003. For Trustees with terms beginning on July 1, 2003 through and including July 1, 2012, the previously enacted 15 year term limit is effective with the date of such Trustee’s initial election or appointment. The Trustees shall be separated into three

groups of substantially equal number so that the terms of one third of the Trustees shall expire each year. Each Trustee shall serve until his or her term expires, and thereafter until such Trustee's successor is duly elected or appointed, or until such Trustee's earlier death or resignation.

Section 2.02 Qualifications for Membership. (a) Members of the Board of Trustees shall be natural persons of full age who need not be residents of the Commonwealth of Pennsylvania. A person who is employed in any capacity by the University shall not be eligible to serve as a member of the Board of Trustees. This qualification for membership shall not apply to a person who is an *ex officio* member of the Board of Trustees, a trustee elected pursuant to Section 2.01(a)(viii), or to a person who is a student employed part-time by the University. A person shall not be eligible to serve as a member of the Board of Trustees for a period of five (5) years from the July 1 coincident with or next following the date of (a) last employment in any capacity by the University or (b) the last day of such person's employment with the Commonwealth of Pennsylvania as Governor, Lieutenant Governor, Attorney General, Auditor General or State Treasurer. This qualification for membership shall not apply to a person who is an *ex officio* member of the Board of Trustees, nor to a person who is a student employed part-time by the University. Only graduates of The Pennsylvania State University who shall have received an associate degree, a bachelor's degree, or an advanced degree from the University shall be eligible to serve as a trustee elected by the alumni. No member of the faculty or the governing board of any other college or university in Pennsylvania shall be eligible to serve as a trustee elected by the alumni.

(b) The Student Trustee shall be a full-time undergraduate, graduate or professional student, in good academic standing and in a degree seeking program at the University.

Section 2.03 Removal. Any member of the Board of Trustees other an *ex officio* member may be removed from his or her position as a Trustee in accordance with this Section 2.03.

(a) Any Trustee who believes that another Trustee has breached his or her fiduciary duty to the University shall raise the issue with the Chair of the Board of Trustees or the chairperson of the Governance and Long-Range Planning Committee.

(b) Removal of a Trustee shall require a joint proposal to the Board of Trustees by the chairperson of the Board of Trustees and the chairperson of the Governance and Long-Range Planning Committee that the Board of Trustees take action to remove a Trustee on the basis that the Trustee has breached his or her fiduciary duty to the University. Such joint proposal shall be furnished in writing to each member of the Board of Trustees not less than 30 days prior to the meeting of the Board of Trustees at which such matter is to be considered. Removal shall require the determination of not less than two-thirds of the Trustees present at a duly called meeting that the Trustee has breached his or her fiduciary duty.

(c) In the event that the Chair of the Board of Trustees or the chairperson of the Governance and Long-Range Planning Committee is the subject of a removal action under this Section 2.03, the Vice Chair of the Board of Trustees shall be substituted for such affected Trustee for purposes of this Section 2.03.

Section 2.04 Regular Meetings; Notice. Regular meetings of the Board of Trustees shall be held at such time and place as shall be designated by the Board of Trustees from time to time. There shall be at least one (1) regular meeting of the Board of Trustees per year. Notice of such regular meetings shall not be required, except as otherwise expressly required herein or by law, and except that whenever the time or place of regular meetings shall be initially

fixed and then changed, notice of such action shall be given promptly by telephone, facsimile, electronic mail or otherwise to each Trustee not participating in such action. Any business may be transacted at any regular meeting.

Section 2.05 Annual Meeting of the Board. One regular meeting of the Board of Trustees shall be designated the annual organization meeting at which the Board of Trustees shall organize itself and elect the officers of the University for the ensuing year and may transact any other business.

Section 2.06 Special Meetings; Notice. Special meetings of the Board of Trustees may be called at any time by the Chair of the Board or by seven members of the Board of Trustees, to be held at such place and day and hour as shall be specified by the person or persons calling the meeting. Notice of every special meeting of the Board of Trustees shall be given by the Secretary to each Trustee by telephone, facsimile, electronic mail or otherwise at least three (3) days before the meeting unless the meeting is being called in the event of an emergency, in which case as much advance notice shall be given to the Trustees as is practicable under the circumstances. In addition, public notice of any special meeting shall be given as required by law. Except as otherwise provided herein or required by law, any business may be transacted at any special meeting regardless of whether the notice calling such meeting contains a reference thereto.

Section 2.07 Quorum. At all meetings of the Board of Trustees, the presence of at least a majority of the voting members of the Board of Trustees in office shall be necessary and sufficient to constitute a quorum for the transaction of business. If a quorum is not present at any meeting, the meeting may be adjourned from time to time by a majority of the Trustees present until a quorum as aforesaid shall be present, but notice of the time and place to which such meeting

is adjourned shall be given to any Trustees not present either by facsimile or electronic mail or given personally or by telephone at least eight hours prior to the hour of reconvening.

Section 2.08 Actions. Except as expressly provided herein, resolutions of the Board of Trustees shall be adopted, and any action of the Board of Trustees upon any matter shall be valid and effective, with the affirmative vote of a majority of the Trustees present at a meeting duly convened and at which a quorum is present. The Chair, if one has been elected and is present, or if not, the Vice Chair, if present, or if not, a Trustee designated by the Board of Trustees, shall preside at each meeting of the Board of Trustees. The Secretary, or in his or her absence the Associate Secretary, shall be responsible for ensuring that the minutes of all meetings of the Board of Trustees are recorded in some reasonable manner. In the absence of the Secretary and the Associate Secretary, the presiding officer shall designate any person to take the minutes of the meeting. Unless otherwise modified in these Bylaws, the conduct of business in meetings of the Board of Trustees and any committees thereof shall be in accordance with the parliamentary procedures prescribed in Robert's "Rules of Order".

Section 2.09 Meetings by Telephone. Subject to the requirements of any applicable open meeting laws, one or more Trustees may participate in any regular or special meeting of the Board of Trustees or of a committee of the Board of Trustees by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting in this manner by a Trustee will be considered to be attendance in person for all purposes under these Bylaws.

Section 2.10 Resignations. Any Trustee may resign by submitting his resignation to the Secretary. Such resignation shall become effective upon its receipt by the Secretary or as otherwise specified therein.

Section 2.11 Vacancies. Vacancies in the membership of the Board of Trustees created by death, resignation, removal or any other reason may be filled by appointment by the Chair of the Board of Trustees for the unexpired term in all cases except memberships reserved for gubernatorial appointment and ex officio memberships established by the University's Charter.

Section 2.12 Compensation. Members of the Board of Trustees serve as volunteers and are not compensated for their services. Trustees may be reimbursed upon request for transportation and other direct expenses while engaged in the discharge of their official duties, in accordance with the University's travel reimbursement policies in effect from time to time.

Section 2.13 Certain Meetings. The Chair of the Board of Trustees may, at his discretion, request that one or more of the non-voting members of the Board of Trustees be excused from any regular or special meeting of the Board of Trustees or any portion thereof.

ARTICLE III

COMMITTEES AND SUBCOMMITTEES

Section 3.01 Committees and Subcommittees. Standing or temporary committees or subcommittees consisting of at least one (1) Trustee may be appointed by the Board of Trustees from time to time; provided, however, that a temporary committee may not be created for the purpose of acting on any matter appropriate to be acted on by a standing committee or subcommittee thereof. Committees and subcommittees may include non-voting members that are not Trustees of the University. Each such committee and subcommittee shall have and exercise such authority of the Board of Trustees in the management of the business and affairs of the University as the Board of Trustees may specify from time to time.

Section 3.02 Executive Committee. The executive committee shall have thirteen (13) members, all of whom shall be voting members. The executive committee shall be

composed of the Chair of the Board of Trustees (who shall also be the chair of the executive committee), the Vice Chair of the Board of Trustees, the Chairs of the standing committees, the Chair of the Board of Directors of the Milton S. Hershey Medical Center (or, if such chair is not a voting member of the Board of Trustees, a member of the Board of Directors of The Milton S. Hershey Medical Center who is also a voting member of the Board of Trustees), the immediate past Chair of the Board of Trustees and such number of at-large members, nominated by the Governance and Long-Range Planning Committee and elected by the Board of Trustees, as may be necessary to have an executive committee of thirteen (13) members. In addition, the President of the University shall be an *ex officio* non-voting member of the Executive Committee.

(a) Purpose of the Executive Committee. The purpose of the executive committee shall be to transact all necessary business as may arise in the intervals between regular meetings of the Board of Trustees; it being understood that action by the Executive Committee would not be expected to be taken except in extraordinary circumstances. Notice of any action by the Executive Committee shall be provided to the Board of Trustees at its next regular meeting.

(b) Meetings of the Executive Committee. Meetings of the executive committee may be called by the Chair of the Board of Trustees or by any three (3) members of the Executive Committee. No action may be taken by the Executive Committee without the affirmative vote of at least seven (7) members of the Executive Committee.

(c) Place of Meetings of the Executive Committee. All meetings of the executive committee shall be held at the executive offices of the University unless otherwise ordered by the Chair of the executive committee.

(d) Notice of Meetings of the Executive Committee. Notice of the time and place of all meetings of the executive committee shall be given in the same manner as for meetings of the Board of Trustees.

Section 3.03 Standing Committees and Subcommittees. The Board may adopt standing committees and subcommittees thereof in addition to the executive committee in accordance with the terms of these Bylaws.

(a) Function of Standing Committees and Subcommittees. The purpose of the standing committees and subcommittees is to facilitate consideration of the business and management of the Board of Trustees and of the University, as hereinafter set forth.

(b) Referral of Matters to Standing Committees and Subcommittees. Any matters appropriate for consideration by a standing committee or a subcommittee first shall be referred thereto by the Board of Trustees or the Chair of the Board of Trustees; except that a two-thirds (2/3) vote of the Trustees present at a meeting of the Board of Trustees but in no event by an affirmative vote of less than nine (9) Trustees will permit initial consideration by the full Board of Trustees; provided, however, that any matter referred to and considered by a standing committee or a subcommittee, but upon which the committee or subcommittee makes no recommendation or report to the Board of Trustees may be brought before the Board of Trustees for consideration at the request of any Trustee.

(c) Matters Appropriate to More Than One Committee or Subcommittee. Except as otherwise provided in these Bylaws, matters determined to be appropriate for consideration by more than one committee or subcommittee may be referred by the Chair of the Board of Trustees to one committee or subcommittee or more.

(d) Final Authority of the Board. Unless otherwise specifically delegated and except as otherwise provided herein, authority to act on all matters is reserved to the Board of Trustees, and the duty of each standing committee and subcommittee shall be only to consider and to report or make recommendations to the Board of Trustees upon appropriate matters.

(e) Specific Responsibility of Standing Committees. The several standing committees are charged specifically with the immediate care and supervision of the subject matters respectively indicated by and properly relating to their titles.

(f) Standing Committees Established. The following shall be the standing committees of the Board of Trustees:

(i) Committee on Academic Affairs and Student Life. The committee on academic affairs and student life shall consist of not less than five (5) appointive members, in addition to the ex officio members, and shall consider and report or recommend to the Board of Trustees on matters pertaining to:

- (1) the educational policies and programs of the University, including the long-range educational development of the University;
- (2) the faculty;
- (3) educational policy matters pertaining to instruction, research, and continuing education; and
- (4) all phases of student life.

(ii) Committee on Finance, Business and Capital Planning. The committee on finance, business and capital planning shall consist of not less than five (5) appointive members, in addition to the ex officio members and shall consider and report or recommend to the Board of Trustees on matters pertaining to:

(1) finance, business, budgets, non-budget expenditures, human resources, investments, trust funds, insurance, real estate contracts, government and private contracts, and grants, fees, room and board charges, and the long-range financial planning and development of the University;

(2) endowments, gifts, and fund raising;

(3) the purchase and sale of real estate, master plans, construction, the appointment of architects, the selection of architectural styles and materials, architect's plans, the award of contracts, and the names of buildings and roads; and

(4) the University's capital plan, the long-range comprehensive physical plant and infrastructure development of the University at each campus, consistent with the long-range educational development of the University.

(iii) Committee on Governance and Long-Range Planning. The committee on governance and long-range planning shall consist of not less than five (5) appointive members, in addition to the ex officio members and shall:

(1) in fulfillment of its governance responsibilities, provide counsel and advice to the Board of Trustees in matters concerning the development of strategies, policies, and practices that orient, educate, organize, motivate, and assess the performance of trustees. It shall assume such additional responsibilities as may from time to time be assigned by the Chair of the Board of Trustees with the approval of the Board of Trustees including, but not limited to:

- a.** reviewing and recommending to the Board any changes to the expectations of membership and code of conduct for all trustees, including trustees emeriti;
 - b.** recommending to the Board of Trustees candidates for election to membership on the Executive Committee;
 - c.** recommending to the Board of Trustees proposed Student and Academic Trustees;
 - d.** reviewing the service of a Trustee upon retirement;
 - e.** evaluating and making recommendations on the working effectiveness of the Board and its committees; and
 - f.** evaluating, recommending and reporting on the qualifications and skill sets to be considered in the process of nominating board of trustee candidates.
- (2)** in fulfillment of its long-range planning responsibilities:
 - a.** charge and support the chief executive with leading a strategic planning process, participating in that process, approve the strategic plan, and monitoring its progress; and
 - b.** ensure the growth, development, and sustainability of the University for future generations in order to achieve its full potential as one of the world's great universities.

(iv) Committee on Audit and Risk. The committee shall consist of not less than five (5) appointive members, in addition to the ex officio members, and shall oversee the auditing of the University's financial statements and internal controls as set forth more

fully in the operating guidelines of the committee. In fulfilling its responsibility, the committee on audit and risk shall consider and report or recommend to the Board of Trustees on matters pertaining to:

(1) regular and special audits; and

(2) the identification and management of risks including financial, material, and reputational.

(v) Committee on Legal and Compliance; The committee on legal and compliance shall consist of not less than five (5) appointive members, in addition to the ex officio members, and shall oversee adherence to laws, regulations, and policies that pertain to University operations. In fulfilling its responsibility, the committee on legal and compliance shall consider and report or recommend to the Board of Trustees on matters pertaining to compliance, oversight and legal issues as legally or otherwise prescribed.

(vi) Committee on Outreach, Development and Community Relations. The committee on outreach, development and community relations shall consist of not less than five (5) appointive members, in addition to the ex officio members and shall, in concert with the University's leadership, engage regularly with the University's major constituents including the faculty, staff, students, alumni, supporters, relevant state and local government agencies and officials, business leaders and the public. It shall assume such additional responsibilities as may from time to time be assigned by the Chair of the Board of Trustees with the approval of the Board of Trustees including, but not limited to:

(1) Educating constituents about the role and responsibilities of the Board of Trustees;

(2) Communicating the value of the University to all constituents at all locations; and

(3) Developing short and long term communication plans consistent with University priorities.

(vii) Committee on Compensation. The committee on compensation shall consist of the Vice Chair of the Board of Trustees, the immediate past Chair of the Board of Trustees, the Chair of the committee on finance, business and capital planning, the Chair of the subcommittee on human resources and one at large member appointed by the Chair of the Board of Trustees, in addition to the ex officio members, and shall consider and report or recommend to the Board of Trustees on matters pertaining to:

(1) Changes to the executive compensation philosophy and strategy;

(2) Significant changes in executive compensation and benefit programs and policies;

(3) An annual review and approval of the President's personal goals and objectives, performance and annual compensation, including salary and incentive compensation, if applicable; and

(4) Any additional items or actions brought to the Board of Trustees by the committee on compensation at its discretion.

(g) Selection of Committee Members. Members of the standing committees, and the chairperson and vice chairperson thereof, shall be appointed by the Chair of the Board of Trustees. The Chair and, in his or her absence, the Vice Chair of the Board of Trustees shall be an ex officio member of all standing committees, of all special committees and of all subcommittees. No Trustee shall serve as chairperson of any standing committee for more than five (5) consecutive years, except as specifically approved by a two-thirds vote of the Board of Trustees. Members of

the subcommittees, and the chairperson and vice chairperson thereof, shall be appointed by the chair of the standing committee of which the subcommittee is a part, after consultation with the Chair of the Board of Trustees.

(h) Term of Committee Members. Committee members shall serve for a term of one (1) year commencing upon the date of the election of officers of the Board or such other date as may be prescribed by the Chair of the Board of Trustees, and until their successors are appointed in accordance with this Bylaw.

(i) Vacancies on Standing Committees. Vacancies on all standing committees shall be filled through appointment by the Chair of the Board to serve the unexpired term created by the vacancy.

(j) Consultation with Constituent Groups. Standing committees shall seek consultation from representative constituent groups as appropriate in the exercise of their responsibilities.

(k) The following shall be the subcommittees of the Board of Trustees:

(i) The subcommittee on architect/engineer selection (of the committee on finance, business and capital planning) shall be composed of three members of the committee on finance, business and capital planning. When it becomes necessary for the Board of Trustees to appoint an executive architect or engineer for major University physical plant projects, University staff will prepare a list of not less than three nor more than five firms for consideration by the subcommittee. The qualifications of these firms to perform this particular professional activity as well as background information regarding the type of firm and previous professional work will be presented to the subcommittee. Based on this information, and upon any recommendation that may be forthcoming from a

program committee, and any additional information the subcommittee may request, the subcommittee, after discussion with the staff, will recommend to the committee on finance, business and capital planning, the firm that they recommend the Board of Trustees should appoint.

(ii) The subcommittee on finance (of the committee on finance, business and capital planning) shall be composed of up to three members of the committee on finance, business and capital planning. This subcommittee shall be responsible for reviewing on a regular basis certain of the University's material financial matters, including the operating and capital budgets, balance sheet management and debt strategy, non-endowed investments, review and endorsement of endowment spending rates, and informing the committee on finance, business and capital planning regarding relevant financial oversight matters.

(iii) The subcommittee on human resources (of the committee on compensation) shall be composed of up to five members, not all of whom need be members of the committee on compensation. This subcommittee shall be responsible for reviewing on a regular basis certain of the University's greatest assets, its human resources, including the applicable policies and procedures concerning the recruitment, retention, and training of employees, as well as diversity and inclusion. The subcommittee shall be responsible for a review of compensation policies and practices.

(iv) The subcommittee on legal (of the committee on legal and compliance) shall be composed of up to five members of the committee on legal and compliance. This subcommittee shall be responsible for reviewing matters pertaining to compliance,

oversight and legal issues as legally or otherwise prescribed, including but not limited to litigation strategies and other matters as prescribed by the subcommittee's charter.

(v) The subcommittee on risk (of the committee on audit and risk) shall be composed of up to five members, at least two of whom shall be members of the committee on audit and risk. This subcommittee shall be responsible for reviewing matters pertaining to the identification and management of risks, including financial, operational, strategic and compliance risks, as prescribed by the subcommittee's charter.

Section 3.04 Quorum and Actions. At all meetings of a committee, the presence of at least a majority of the members of such committee (including any ex officio members of such committee) shall be necessary and sufficient to constitute a quorum for the transaction of business. Except as set forth in Section 3.02(b), resolutions of a committee shall be adopted, and any action of the committee upon any matter shall be valid and effective, with the affirmative vote of a majority of the members of the committee present at a meeting duly convened and at which a quorum is present.

Section 3.05 Authority of Board. Any action taken by any committee shall be subject to alteration or revocation by the Board of Trustees; provided, however, that third parties shall not be prejudiced by such alteration or revocation.

Section 3.06 Special Assignments. The Chair of the Board of Trustees may make special assignments to the Trustees from time to time in furtherance of the Board's duties and obligations. Such assignments shall include, but not be limited to, the following:

(a) **Trustee Representative at All Commencements.** The Board of Trustees shall be represented at all Commencements by the Chair of the Board of Trustees or by Trustees designated by the Chair of the Board of Trustees.

(b) Trustee Representative at Meetings of the Executive Board of the Alumni Association. On recommendation of the Executive Board of the Alumni Association, the Chair of the Board of Trustees is authorized to appoint a Trustee to attend all official meetings of the Executive Board of the Alumni Association.

(c) Trustee Liaison to Capital Campaigns. The Chair of the Board of Trustees is directed to appoint a liaison Trustee to interact with developmental activities for capital campaigns and to apprise the Board of Trustees of the activities and the progress of campaigns.

ARTICLE IV

LIABILITY AND INDEMNIFICATION

Section 4.01 Personal Liability of Trustees.

(a) Elimination of Liability. To the fullest extent that the laws of the Commonwealth of Pennsylvania, as now in effect or as hereafter amended, permit elimination or limitation of the liability of Trustees, no Trustee of the University shall be personally liable for monetary damages as such for any action taken, or any failure to take any action, as a Trustee.

(b) Nature and Extent of Rights. The provisions of this Section shall be deemed to be a contract with each Trustee of the University who serves as such at any time while this Section is in effect and each such Trustee shall be deemed to be so serving in reliance on the provisions of this Section. Any amendment or repeal of this Section or adoption of any Bylaw or provision of the Articles of the University which has the effect of increasing Trustee liability shall operate prospectively only and shall not affect any action taken, or any failure to act, prior to the adoption of such amendment, repeal, Bylaw or provision.

Section 4.02 Indemnification.

(a) Right to Indemnification.

(i) As used herein, the word “Action” shall mean any action, suit or proceeding, administrative, investigative or other, (i) to which such person is a party (other than an action by the University) or (ii) in connection with which such person is not a party but is a witness, subject to investigation or otherwise involved, in either case by reason of such person being or having been a Trustee or officer of the University or by reason of such person serving or having served at the request of the University as a director, officer, employee, fiduciary or other representative of another corporation, partnership, joint venture, trust, employee benefit plan or other entity.

(ii) Except as prohibited by law, each Trustee and officer of the University shall be entitled as of right to be indemnified by the University against expenses and any liability paid or incurred by such person (i) in the defense of any Action to which such person is a party or (ii) in connection with any other Action.

(iii) A person who is not a Trustee or officer of the University may be similarly indemnified in respect of service to the University to the extent the Board of Trustees at any time designates such person as entitled to the benefits of this Section. The Board of Trustees has delegated to the Vice President and General Counsel the authority to make the determination, after consideration of relevant facts and circumstances, as to whether a person who is not a Trustee or officer of the University shall be indemnified in respect of his or her service to the University pursuant to this paragraph.

(iv) As used in this Section, “indemnatee” shall include each Trustee and each officer of the University and each other person designated by the Board of Trustees as entitled to the benefits of this Section; “liability” shall include amounts of judgments, excise taxes, fines, penalties and amounts paid in settlement; and “expenses” shall include

fees and expenses of counsel incurred by the indemnitee only (i) if the University has not at its expense assumed the defense of the Action on behalf of the indemnitee with reputable and experienced counsel selected by the University, or (ii) if it shall have been determined pursuant to Section (c) hereof that the indemnitee was entitled to indemnification for expenses in respect of an Action brought under that Section.

(b) Right to Advancement of Expenses. Every indemnitee shall be entitled as of right to have his expenses in defending any Action paid in advance by the University, as incurred; provided, however, that the University receives a written undertaking by or on behalf of the indemnitee to repay the amount advanced if it should ultimately be determined that such person's conduct was such that the University is prohibited by law from indemnifying such person.

(c) Right of Indemnitee to Initiate Action; Defenses.

(i) If a written claim under paragraph (a) or paragraph (b) of this Section is not paid in full by the University within thirty days after such claim has been received by the University, the indemnitee may at any time thereafter initiate an action to recover the unpaid amount of the claim and, if successful in whole or in part, the indemnitee shall also be entitled to be paid the expense of prosecuting such action.

(ii) The only defenses to an action to recover a claim for indemnification otherwise properly asserted under paragraph (a) shall be that the indemnitee's conduct was such that under applicable law the University is prohibited from indemnifying the indemnitee for the amount claimed, but the burden of proving any such defense shall be on the University.

(iii) The only defense to an action to recover a claim for advancement of expenses otherwise properly asserted under paragraph (b) shall be that the indemnitee

failed to provide the undertaking required by paragraph (b), but the burden of proving any such defense shall be on the University.

(d) Non-Exclusivity; Nature and Extent of Rights; Insurance. The rights to indemnification and advancement of expenses provided for in this Section shall (i) not be deemed exclusive of any other rights to which any indemnitee may be entitled, (ii) be deemed to create contractual rights in favor of each indemnitee who serves the University at any time while this Section is in effect (and each such indemnitee shall be deemed to be so serving in reliance on the provisions of this Section), and (iii) continue as to each indemnitee who has ceased to have the status pursuant to which he was entitled or was designated as entitled to indemnification under this Section and shall inure to the benefit of the heirs and legal representatives of each indemnitee. The University may provide, at its cost, insurance, or may self-insure, to protect itself and any Trustee, officer, agent or employee eligible to be indemnified hereunder against any liability or expense whether or not the University would have the power to indemnify such trustee, officer, agent or employee.

ARTICLE V

OFFICERS AND EMPLOYEES

Section 5.01 Officers.

(a) Officers. The officers of the Board of Trustees shall be a President (also referred to as the “Chair”), a Vice President (also referred to as the “Vice Chair”), each of whom shall be a member of the Board of Trustees, and a Secretary.

(b) Election and Term of Officers. All officers of the Board of Trustees shall be chosen each year by ballot of the voting members of the Board of Trustees present at the stated

meeting of the Board of Trustees in July to serve for a period of one year and until their successors are chosen according to these Bylaws.

(c) Duties of Officers. The Chair of the Board of Trustees shall perform the corporate duties which pertain to that office. The Chair shall appoint all committees and subcommittees of the Board of Trustees and the chairperson thereof (except the executive committee) unless otherwise ordered by the Board of Trustees. The Vice Chair shall, in the absence of the Chair, perform the duties of the Chair. The Secretary shall perform the corporate duties which pertain to that office, be custodian of the corporate seal, conduct the ordinary correspondence of the Board of Trustees and maintain an accurate record of all proceedings of the Board of Trustees and of the executive committee.

(d) Vacancies in Office. Vacancies in any office or offices may be filled by ballot of the voting members present at any meeting of the Board of Trustees.

(e) Officers of the University. The executive officers of the University shall be the President, one or more Vice Presidents as the Board of Trustees may from time to time determine, an associate secretary, three assistant secretaries, a Treasurer, and three assistant treasurers, all of whom shall be elected by the Board of Trustees. Except for the office of the President and Secretary, any two or more offices may be held by the same person. Each executive officer shall hold office at the pleasure of the Board of Trustees, or until his or her death or resignation.

(f) The associate secretary shall assist the secretary in the performance of his/her duties and shall act for and on behalf of the University in the same manner and with the same authority as the secretary. The assistant secretaries shall assist the associate secretary and shall act for and on behalf of the University in the same manner and with the same authority as the

secretary. The Treasurer shall receive and disburse all monies of the corporation under procedures and safeguards prescribed by the Board of Trustees. The assistant treasurers shall assist the treasurer in the performance of these duties and shall act for and on behalf of the University in the same manner and with the same authority as the treasurer.

Section 5.02 Additional Officers; Other Agents and Employees. The Board of Trustees may from time to time appoint or employ such additional officers, assistant officers, agents, employees and independent contractors as the Board of Trustees deems advisable; the Board of Trustees shall prescribe their duties, conditions of employment and compensation; and the Board of Trustees shall have the right to dismiss them at any time, without prejudice to their contract rights, if any. The President of the University may employ from time to time such other agents, employees and independent contractors as he may deem advisable for the prompt and orderly transaction of the business of the University, and he may prescribe their duties and the conditions of their employment, fix their compensation and dismiss them at any time, without prejudice to their contract rights, if any.

Section 5.03 The Chair. The Chair of the Board of Trustees, if any, shall be elected from among the voting members of the Board of Trustees, shall preside at all meetings of the Board of Trustees as provided herein, and shall have such other powers and duties as from time to time may be prescribed by the Board of Trustees. The Chair shall be an ex officio member of all standing committees and subcommittees, entitled to vote thereon. In the absence or disability of the Chair, the Vice Chair shall have the powers and perform the duties of the Chair.

Section 5.04 The President. The President of the University shall be the chief executive officer of the University. Subject to the control of the Board of Trustees, the President shall have general supervision of and general management and executive powers over all the

property, operations, business, affairs and employees of the University, and shall see that the policies and programs adopted or approved by the Board of Trustees are carried out. The President shall exercise such further powers and duties as from time to time may be prescribed in these Bylaws or by the Board of Trustees. The President of the University, as chief administrative officer, shall carry out all orders and directives of the Board of Trustees and shall administer all policies of the Board of Trustees, as well as the policies established by him or her and by the faculty. The President may delegate such administrative authority as he or she deems appropriate to his or her staff, to the Treasurer, to the deans of the various academic units, and to others, who shall exercise such delegated authority in the name of the President. The establishment of senior administrative positions responsible directly to the President and the determination of the functions of such positions shall be made by the President of the University. All administrative officers with the title of vice president or dean shall be appointed by the President, subject to the approval of the Board of Trustees. Removal of such administrative officers with the title of vice president or dean shall be made by the President and, in such event, the President shall inform the Board of Trustees of such removal at the next regular meeting of the Board. The President, as chief policy officer, shall have final authority, subject to the revisions and orders of the Board of Trustees, to establish policy concerning educational policy and planning, student affairs, the instructional program, courses and curricula, personnel, admissions, graduation requirements, scholarships and honors, calendar requirements, business, planning, research, and finance; provided, however, that the President shall delegate to the faculty, as appropriately organized, subject to the orders of the President, the authority to establish policy concerning the approval and supervision of the instructional program, including courses and curricula, academic admission standards, graduation requirements, and scholarships and honors. The President shall consult with the faculty, as

appropriately organized, in the establishment of policy concerning educational policy and planning, including general admissions policy, calendar, academic personnel, student affairs, and any other matter he or she shall deem appropriate. In addition, the President shall consult with the student body, as appropriately organized, in the area of student affairs.

Section 5.05 The Vice President(s). The University may have one or more Vice Presidents. The Vice President(s) may be given by resolution of the Board of Trustees general executive powers, subject to the control of the President, concerning one or more or all segments of the operations of the University. The Vice President(s) shall exercise such further powers and duties as from time to time may be prescribed in these Bylaws or by the Board of Trustees or the President. At the request of the President, or in his or her absence or disability, the Executive Vice President and Provost shall exercise the powers and duties of the President.

Section 5.06 The Secretary, Associate Secretary and Assistant Secretaries. It shall be the duty of the Secretary (a) to keep an original or duplicate record of the proceedings of the Board of Trustees, and a copy of the Charter and of the Bylaws; (b) to give such notices as may be required by law or these Bylaws; (c) to be custodian of the corporate records and of the seal of the University and see that the seal is affixed to such documents as may be necessary or advisable; and (d) to exercise all powers and duties incident to the office of Secretary; and such further powers and duties as from time to time may be prescribed in these Bylaws or by the Board of Trustees or the President. The Associate Secretary and the assistant secretaries shall assist the Secretary in the performance of his duties and shall also exercise such further powers and duties as from time to time may be prescribed by the Board of Trustees, the President or the Secretary. At the direction of the Secretary or in his or her absence or disability, the Associate Secretary shall exercise the powers and duties of the Secretary.

Section 5.07 The Treasurer and Assistant Treasurers. It shall be the duty of the Treasurer (a) to keep the University's contracts, insurance policies, leases, deeds and other business records; (b) to see that the University's lists, books, reports, statements, tax returns, certificates and other documents and records required by law are properly prepared, kept and filed; (c) to be the principal officer in charge of tax and financial matters, budgeting and accounting of the University; (d) to have charge and custody of and be responsible for the University's funds, securities and investments; (e) to receive and give receipts for checks, notes, obligations, funds and securities of the University, and deposit monies and other valuable effects in the name and to the credit of the University, in such depositories as shall be designated by the Board of Trustees; (f) to cause the funds of the University to be disbursed by payment in cash or by checks or drafts upon the authorized depositories of the University, and to cause to be taken and preserved proper vouchers for such disbursements; (g) to render to the President and the Board of Trustees whenever they may require it an account of all his transactions as Treasurer, and reports as to the financial position and operations of the University; (h) to keep appropriate, complete and accurate books and records of account of all the University's business and transactions; and (i) to exercise all powers and duties incident to the office of Treasurer; and such further duties from time to time as may be prescribed in these Bylaws or by the Board of Trustees or the President. The assistant treasurers shall assist the Treasurer in the performance of his or her duties and shall also exercise such further powers and duties as from time to time may be prescribed by the Board of Trustees, the President or the Treasurer. At the direction of the Treasurer or in his absence or disability, an assistant treasurer shall exercise the powers and duties of the Treasurer.

Section 5.08 Vacancies. Any vacancy in any office or position by reason of death, resignation, removal, disqualification, disability or other cause shall be filled in the manner provided in this Article V for regular election or appointment to such office.

Section 5.09 Delegation of Duties. The Board of Trustees may in its discretion delegate for the time being the powers and duties, or any of them, of any officer to any other person whom it may select. Upon authorization by the Board of Trustees, an officer may delegate performance of specific duties to employees and agents of the University.

(a) Notwithstanding the foregoing, the following matters shall require the approval of the Board of Trustees:

(i) Basic University Organization and Policy

- (1) Amendments to the Charter, Bylaws and Standing Orders;
- (2) All reports of standing or special committees of the University's Board of Trustees;
- (3) All major modifications of educational policy;
- (4) Authorization to grant degrees to graduates;
- (5) The determination of the major goals of the University, including the establishment and review of long-range plans for the educational, financial and physical development of the University; and
- (6) University intellectual property policy.

(ii) Fiscal Matters

- (1) Establishment of, or changes in existing, major University fiscal policies;

- (2) Annual operating budgets and changes in the approved totals, state appropriation requests, and appropriation of building funds unappropriated;
- (3) Acceptance of gifts, bequests, grants, fellowships, scholarships, loan funds that are not in accord with established policy;
- (4) Establishment of, or changes in, fees including tuition, room and board;
- (5) Authorization to borrow money; authorization of persons to sign checks, contracts, legal documents, and other obligations, and to endorse, sell, or assign securities; and
- (6) Selection of a firm to make annual audit of University accounts.

~~(iii) — Physical Plant~~

(iii) Capital Projects

- (1) Establishment of, or changes in existing policies, on matters such as selection of architects, naming of buildings and roads, preservation of campus landmarks;

~~(2) Approval of the purchase or sale~~ Purchase of land and other real estate with a ~~value~~ purchase price of ~~over~~ \$1 million or more;

~~(2)(3) Sale of land or other real estate~~, with the exception of the sale of land and other real estate ~~up to~~ with a sale price of less than \$3 million ~~in value~~ gifted to the University for the express purpose of sale with proceeds benefitting the University;

~~(3)(4) Approval of specific~~ Honorific names for individual buildings and roads;

~~(4) Design plans for buildings and facilities to be constructed or significant alteration to existing buildings, with the exception of temporary buildings or buildings under \$5 million in cost; provided that review and approval may be requested by the administration in lieu of presentation as an information item for projects of a special nature that fall below the \$5 million level;~~

~~(5)(1) Projects under \$5 million in cost that are bond-financed;~~

~~(5) Approval to award contracts for Any new construction or renovation project for which the total project cost is \$5 million or more, including~~

(A) Total project cost; provided, however, that the Officers of the University shall have the discretion to expend up to an additional 10 percent of the ~~authorized construction~~ approved total project cost, as necessary; ~~and~~

(B) Appointment of architectarchitects, unless such project is funded in whole or in part with Commonwealth funds or designed by University employees;

(C) Design; and

(D) Awarding of contracts for construction;

~~(6) Projects under \$5 million in cost that are bond-financed;~~

~~(6)(7) of major projects~~ Other capital expenditures of \$5 million or more.

(iv) Personnel Matters.

(1) The selection, evaluation, compensation and removal of the President of the University, in accordance with policies and procedures adopted by the Board of Trustees from time to time. This responsibility includes a commitment to grant the President broad delegated authority, to support the President in his/her exercise of such authority, to judge the performance of the President, and if necessary, to remove the President. In the selection of a

President, the Board shall consult with representatives of the faculty and the student body.

(2) The establishment of and any changes to the University's executive compensation philosophy.

(3) The establishment of and any changes to the employment terms and conditions of the President of the University.

(4) The appointment of Vice Presidents and Deans and the appointment and removal of the Vice President and General Counsel.

(v) Miscellaneous

(1) Selection of the recipients of Distinguished Alumni Awards, honorary degrees and the Penn State Medal; and

(2) Selection of specific dates for regular meetings of the Board of Trustees.

(b) The delegation of authority set forth in this Section 5.09 requires that the Board of Trustees rely on the judgment and decisions of those who operate under its authority. However, this reliance of the Board of Trustees must be based upon its continuing awareness of the operations of the University. Therefore, the Board of Trustees shall receive and consider thorough and forthright reports on the affairs of the University by the President or those designated by the President. The Board of Trustees has a continuing obligation to require information or answers on any University matter with which it is concerned. In addition to such matters as the President of the University may determine, or as requested by the Chair of the Board of Trustees, the following matters shall be presented to the Board of Trustees for information:

(i) Basic University Organization and Policy

- (1) New curricula and major changes in existing curricula;
- (2) Major policy matters affecting student welfare and activities; and
- (3) Major policy matters affecting research.

(ii) Fiscal Matters

- (1) Financial statements, and gifts, bequests, grants, fellowship, scholarships, loan funds that are in accord with established policy; and
- (2) The University's annual reports filed under the Clery Act and the Pennsylvania Right to Know Act.

(iii) Personnel Matters

- (1) Policies. New policies or changes in existing policies governing appointments, promotions in academic rank, leaves of absence, resignations, retirements, academic freedom and tenure, hours and conditions of employment, and fringe benefits; and
- (2) Executive Compensation. Information regarding
 - i. the evaluation and compensation of University executives (other than the President of the University), in accordance with policies and procedures recommended by the committee on compensation from time to time.
 - ii. The establishment of and any changes to executive compensation and benefit programs and policies.
 - iii. Information regarding the removal of Vice Presidents and Deans.

~~(iv) — Physical Plant~~

(iv) Capital Projects

- (1) New construction or renovations projects with a total project cost between \$1,000,000 equal to or greater than \$1 million but less than \$5 million;

~~(1) — Generic naming of individual buildings and \$4,999,999;~~

(2) ~~Naming roads and honorific naming~~ of rooms, portions of buildings, and plazas;

(3) ~~Real Purchase of real estate purchases with a purchase price of less than \$1 million in value;~~

(4) Proceeds from the sale of land and other real estate with a sale price of less than \$3 million gifted to the University for the express purpose of sale;

(5) Capital budget request submitted to the Commonwealth of Pennsylvania-; and

(6) Reports (including photographs) on the progress of new construction or renovation projects with a total project cost of \$5 million or more.

(c) Board of Trustees Delegation of Authority to Certain University Administrative Officers.

(i) The President, Vice President, Secretary, Treasurer, Assistant Treasurer, Senior Vice President for Finance and Business, and Corporate Controller of the University, or any one of such officers be and they are hereby fully authorized and empowered on behalf of the University to execute and acknowledge all deeds, agreements and contracts, and to transfer and endorse, sell, assign, set over and deliver any and all shares of stock, bonds, debentures, notes, evidences of indebtedness or other securities now or hereafter standing in the name of or owned by this University, and to make, execute, acknowledge, and deliver, under the corporate seal of this University, any and all written instruments necessary or proper to effectuate the authority hereby conferred.

(ii) The Treasurer, or in the absence of the Treasurer, the Senior Vice President for Finance and Business, may delegate in writing to such employees of the University as they may deem appropriate, the authority to execute and acknowledge on behalf of the University standardized agreements and contracts for which those employees have administrative responsibility.

(iii) The Chief Executive Officer of the Office of Investment Management, or in his absence, the Chief Investment Officer, is hereby fully authorized and empowered on behalf of the University to transfer and endorse, sell, assign, set over and deliver any and all shares of stock, bonds, debentures, notes or other securities now or hereafter standing in the name of or owned by this University, and to make, execute, acknowledge, and deliver, under the corporate seal of this University, any and all written instruments necessary or proper to effectuate the authority hereby conferred.

(iv) The Associate Vice President for Finance and Business and Controller, or, in his or her absence, the Associate Controller, be and is hereby fully authorized and empowered on behalf of the University to execute and acknowledge all agreements and contracts related to the affairs of the College of Medicine.

(v) The Associate Secretary and Assistant Secretary of this University, or any one of such officers, be and they are hereby fully authorized and empowered on behalf of this University to make, execute, acknowledge, and deliver, under the corporate seal of this University, any and all written instruments necessary or proper to effectuate the authority hereby conferred.

ARTICLE VI**MISCELLANEOUS CORPORATE TRANSACTIONS AND DOCUMENTS**

Section 6.01 Execution of Notes, Checks, Contracts and Other Instruments. All notes, bonds, drafts, acceptances, checks, endorsements (other than for deposit), guarantees and all evidences of indebtedness of the University whatsoever, and all deeds, mortgages, contracts and other instruments requiring execution by the University, may be signed by the Chair, the President, any Vice President or the Treasurer, and authority to sign any of the foregoing, which may be general or confined to specific instances, may be conferred by the Board of Trustees upon any other person or persons. Any person having authority to sign on behalf of the University may delegate, from time to time, by instrument in writing, all or any part of such authority to any other person or persons if authorized to do so by the Board of Trustees, which authority may be general or confined to specific instances. Facsimile signatures on checks may be used if authorized by the Board of Trustees.

Section 6.02 Voting Securities Owned by the University. Securities owned by the University and having voting power in any other University shall be voted by the President or any Vice President, unless the Board of Trustees confers authority to vote with respect thereto, which may be general or confined to specific investments, upon some other person. Any person authorized to vote such securities shall have the power to appoint proxies, with general power of substitution.

ARTICLE VII**GENERAL PROVISIONS**

Section 7.01 Offices. The principal business office of the University shall be located at 201 Old Main, University Park, Pennsylvania 16802. The University may also have

offices at such other places within or without the Commonwealth of Pennsylvania as the business of the University may require.

Section 7.02 Corporate Seal. The Board of Trustees shall prescribe the form of a suitable corporate seal, which shall contain the full name of the University and the year and state of its creation.

Section 7.03 Fiscal Year. The fiscal year of the University shall end on June 30 or on such other day as shall be fixed by the Board of Trustees.

Section 7.04 Private Inurement. No part of the net earnings of the University shall inure to the benefit of, or be distributable to, its Trustees, officers or other private persons, except that the University shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in these Bylaws and the University's Charter.

ARTICLE VIII

CONFLICTS OF INTEREST

Section 8.01 Definitions. For purposes of Sections 8.01 – 8.11 hereof, the following terms shall have the meanings set forth below.

(a) Conflict of Interest. A “conflict of interest” exists when a reasonable observer, having knowledge of all of the relevant facts and circumstances, would conclude that a Trustee has an actual or apparent conflict of interest in a matter related to the University. In addition to financial conflicts of interest, a conflict of interest includes a situation in which a Trustee, family member or related entity has an interest that may lead the Trustee to act in a way that is incompatible with or a breach of the Trustee's fiduciary duty to the institution or use such Trustee's role to achieve personal gain or benefit or gain or benefit to family, friends or associates.

(b) Family Member. A “family member” means a Trustee’s spouse or dependent child.

(c) Financial Conflict of Interest. A “financial conflict of interest” exists when a Trustee, a family member or related entity has an actual or potential financial interest in a matter (i) that is pending before the Board for discussion or vote or (ii) in which the Trustee or a family member is personally involved. A financial conflict of interest does not include a student or employment relationship of a family member.

(d) Related Entity. A “related entity” means a corporation, partnership, association or other entity where the Trustee or family member serves as an officer, director, partner or employee; expects to receive \$5,000 or more in compensation for services in a calendar year; holds any equity in a non-publicly traded entity; or holds an interest of 5% or more in a publicly traded entity.

(e) Known. “Known” means that the Trustee has actual knowledge of the conflict of interest.

(f) Board. “Board” includes any standing or ad hoc committee of the Board.

(g) Disclose or Disclosure. “Disclose” or “disclosure” means to provide a brief summary of the transaction, agreement or business arrangement and the Trustee’s financial or other interest.

Section 8.02 Disclosure. Each Trustee must disclose in writing to the Office of the Board of Trustees and to the Chair of the Board all situations that involve actual or apparent conflicts of interest if and as the conflict of interest becomes known to such Trustee.

Section 8.03 Annual Disclosure. In addition to other annual disclosures required by law or policy, each Trustee must disclose annually and in writing to the Secretary of

the Board all conflicts of interest that are known to such Trustee. The annual disclosures of known conflicts of interest will be publicly available upon request.

Section 8.04 Recusal. If a matter in which a Trustee has a known conflict of interest comes before the Board for discussion or decision, the interested Trustee shall leave the Board meeting while the matter is discussed and voted upon. The Trustee's interest and recusal shall be noted in the minutes, which shall be publicly available.

Section 8.05 Contracts or Transactions with the University. (a) A contract or transaction between the University and a Trustee, family member or an entity in which a Trustee or family member has a beneficial interest of ten percent (10%) or more and the contract or transaction is valued at \$10,000 or more must be approved by the Board of Trustees in accordance with this Section. The University official responsible for the matter must first conclude that it is in the best interests of the University to consider entering into such a contract or transaction. In circumstances where the Trustee, family member or related entity is purchasing goods or services from the University, as opposed to selling such goods or services, the matter is presumptively in the University's interests if the price is fair and reasonable and the contract or transaction does not foreclose a similar transaction with another individual or entity. In other circumstances where the University is purchasing goods or services, the officer must first explore alternatives that do not involve an interest of the Trustee, family member or entity in which the Trustee or family member owns a beneficial interest of ten percent (10%) or more. If, after exercising such due diligence, the official determines that it is in the best interests of the University to proceed, the matter must be submitted to the Board for approval. The written materials submitted to the Board shall include a description of the contracting process, including the use of open and public bidding if possible and practical, and the official's analysis of why it is in the best interests of the University to proceed

with the agreement or relationship. The interested Trustee shall leave the meeting during the discussion and voting. The Board shall determine by a majority vote of the disinterested Trustees whether the transaction or arrangement is in the University's best interests, the price and value provided are fair and reasonable to the University and whether to approve the transaction or arrangement. Any such decision shall be recorded in the minutes, which shall be publicly available.

(b) Contracts or transactions of less than \$10,000 between the University and a Trustee, family member or an entity in which the Trustee or a family member has a beneficial interest of ten percent (10%) or more will be disclosed to the Board of Trustees annually in a written report which shall be available to the public. The report shall include a certification by the appropriate officers of the University that such contracts or transactions were made in the normal course of business and were fair to the University.

Section 8.06 Annual Statements. Each Trustee shall annually sign a statement that affirms that such Trustee (a) has received a copy of the Board's conflict of interest policy as expressed in this Article VIII, (b) has read and understands the policy, and (c) has agreed to comply with the policy.

Section 8.07 Fiduciary Duty. Members of the Board of Trustees stand in a fiduciary relationship to the University which reposes special confidence in each member. Members of the Board of Trustees shall act in good faith, with due regard to the interests of the University, and shall comply with the fiduciary principles of conduct in addition to any other state or federal requirements. Trustees bring to their roles varied backgrounds and expertise, and they are selected in different ways, but they must keep the welfare of the entire University, not just a particular constituency, at all times paramount.

Section 8.08 Misuse of Information. No member of the Board of Trustees shall for personal gain or benefit or for the gain or benefit of others use any information not available to the public at large and obtained as a result of service to the University.

Section 8.09 Gifts and Favors. No member of the Board of Trustees shall solicit or accept for personal use or for the use of others any gift, loan, gratuity, reward, promise of future employment or any other thing of monetary value based on any understanding that the vote, official action or judgment of the member would be influenced thereby.

Section 8.10 Pre-Existing Contract or Transaction. A contract or transaction that would be required to be disclosed under this Article but which was entered into before the interested Trustee assumed office, or which became subject to this Article as a result of amendments to the Article, and which remains to be performed in whole or in part, shall be disclosed by the Trustee pursuant to Section 8.03 but is not subject to the voting and other requirements of this Article.

Section 8.11 Family Members as Employees. A record of all spouses or dependent children of Trustees who are employed by the University or an affiliated entity and where compensation exceeds \$10,000 per year shall be maintained in the Office of the Board of Trustees and the names and positions but not the amount of compensation shall be posted on the University's public website.

Section 8.12 Employment of Trustees. No Trustee may be employed by the University in any capacity before the fifth (5th) anniversary of the date on which such person last served as a Trustee, except as approved by action of the Board of Trustees.

Section 8.13 Disclosure of Potential Conflict of Interest by Employees of the University. Employees of the University shall exercise the utmost good faith in all transactions

touching upon their duties to the University and its property. In their dealings with and on behalf of the University, they shall be held to a strict rule of honest and fair dealings between themselves and the University. They shall not use their positions, or knowledge gained therefrom, in such a way that a conflict of interest might arise between the interest of the University and that of the individual. Employees shall disclose to the administrative head of the college or other unit in which they are employed, or other appropriate superior officer, any potential conflict of interest which they are aware before a contract or transaction is consummated. This bylaw shall be published to the University community at least once annually.

Section 8.14 Consultation. Any Trustee or University official may consult with the Secretary of the Board or the University General Counsel concerning the interpretation or application of any of the provisions of Article VIII.

ARTICLE IX

AMENDMENTS

Section 9.01 Amendments. These Bylaws may be amended, altered or repealed, and new bylaws may be adopted, by the Board of Trustees at any regular or special meeting. Except as specifically set forth in Section 4.01, no provision of these Bylaws shall vest any property or contract right in any person.

| AMENDED AND RESTATED BYLAWS
THE CORPORATION FOR PENN STATE

ARTICLE I INTRODUCTORY

Section 1.01	Definition of Bylaws
Section 1.02	Purposes and Powers

ARTICLE II OFFICES AND AGENCY

Section 2.01	Principal and Branch Offices
Section 2.02	Location of Registered Office

ARTICLE III MEMBERSHIP

Section 3.01 3.02	Definition of Membership
Section 3.02	Membership Assessments
Section 3.03	Place of Members' Meetings
Section 3.04	Annual Members' Meetings
Section 3.05	Special Members' Meetings
Section 3.06 3.07	Notice of Members' Meetings
Section 3.08	Proxy Voting Prohibited
Section 3.09	Quorum of and Action by Members
Section 3.11	Transferability of Membership
Section 3.12	Termination of Membership

ARTICLE IV DIRECTORS

Section 4.01	Definition of Board of Directors
Section 4.02	Structure of Board
Section 4.0 2 ³	Qualifications of Directors
Section 4.0 3 ⁴	Number of Directors
Section 4.05	Election of Directors
Section 4.0 4 ⁶	Terms of Directors
Section 4.0 5 ⁷	Vacancies on the Board
Section 4.0 6 ⁸	Place of Directors' Meetings
Section 4.0 9 ⁷	Regular Directors' Meetings
Section 4.0 8 ¹⁰	Notice of Special Directors' Meetings
Section 4.0 9 ¹¹	Call of Special Board Meetings
Section 4.1 0 ²	Waiver of Notice
Section 4.1 1 ³	Quorum of Directors
Section 4.1 2 ⁴	Participation in Meetings by Conference Telephone
Section 4.1 3 ⁵	Powers
Section 4.1 4 ⁶	Removal of Directors by Members

ARTICLE V OFFICERS

Section 5.01	Roster of Officers
Section 5.02	Selection of Officers
Section 5.03	Multiple Officeholders
Section 5.04	Chairman of the Board
Section 5.05	President
Section 5.06	Vice President
Section 5.07	Secretary

Section 5.08	Treasurer
Section 5.09	Removal of Officers
Section 5.10	Delegation of Office

ARTICLE VI INFORMATIONAL ACTION

Section 6.01	Waiver of Notice
Section 6.02	Action by Consent

ARTICLE VII OPERATIONS

Section 7.01	Fiscal Year
Section 7.02	Execution of Documents
Section 7.03	Books and Records
Section 7.04	Inspection of Books and Records
Section 7.04 5	Nonprofit Operations
Section 7.05 6	Loans to Management

ARTICLE VIII INDEMNIFICATION OF DIRECTORS AND OFFICERS AND OTHER PERSONS

Section 8.01	Indemnification
Section 8.02	Advances
Section 8.03	Insurance

ARTICLE IX INTERPRETATION OF BYLAWS

Interpretation of Bylaws

ARTICLE X AMENDMENT

Section 10.01	Modification of Bylaws
	Adoption of Bylaws

ARTICLE I**INTRODUCTORY**

Section 1.01 Definition of Bylaws. These Bylaws constitute the code of rules adopted by The Corporation for Penn State for the regulation and management of its affairs.

Section 1.02 Purposes and Powers. This Corporation will have the purposes and powers as are stated in its Articles of Incorporation.

ARTICLE II**OFFICES AND AGENCY**

Section 2.01 Principal and Branch Offices. The principal place of business of this Corporation in Pennsylvania will be located at ~~20510~~ Old Main Building, University Park, Pennsylvania. In addition, the Corporation may maintain other offices either within or without the Commonwealth of Pennsylvania as its business requires.

Section 2.02 Location of Registered Office. The location of the registered office of this Corporation is stated in the Articles of Incorporation. Such office will be continuously maintained in the Commonwealth of Pennsylvania for the duration of this Corporation. The Board of Directors may from time to time change the address of its registered office by duly adopted resolution and amend its Articles or file the appropriate statement with the Department of State.

ARTICLE III**MEMBERSHIP**

Section 3.01 Definition of Membership. The Pennsylvania State University shall be the sole member of ~~Members of~~ this Corporation ~~are those persons having membership rights in accordance with the provisions of the Articles of Incorporation.~~

Section 3.02 Memberships shall be nonassessable.

~~Section 3.03 — Place of Members' Meetings.~~ Meetings of members will be held at such places within or without the Commonwealth of Pennsylvania as may be fixed from time to time by the Board of Directors or other persons entitled to call a meeting of the Members.

~~Section 3.04 — Annual Members' Meetings.~~ The annual meeting of the Members will be held in the month of January or on such date and at such time as the Board of Directors may determine. At such annual meetings there shall be held an election of Directors.

~~Section 3.05 — Special Members' Meetings.~~ Special meetings of the Members may be called by either of the following: 1) The Board of Directors; 2) The Chairman of the Board; 3) The President; 4) Members having at least twenty percent (20%) of the votes which all members are entitled to cast at such meeting.

~~Upon the written request of any person or persons entitled to call a special meeting, which request shall set forth the general purpose for which the meeting is desired, it shall be the duty of the Secretary to fix the date of such meeting to be held at such time, not less than five (5) nor more than sixty (60) days after the receipt of such request, as the Secretary may determine, and to give due notice thereof. If the Secretary shall neglect or refuse to fix the date of such meeting and to give notice thereof within five days after receipt of such request, the person or persons calling the meeting may do so.~~

~~Section 3.06 — Notice of Members' Meetings.~~ Written or printed notice, stating the place, day, and hour of the meeting and, in the case of a special meeting, the general purpose or purposes for which the meeting is called, must be delivered not less than five (5) nor more than sixty (60) days before the date of the members' meeting, either personally, by registered or certified first class mail, or by telegram by or at the direction of the Chairman of the Board, the President, the Secretary, or the officers or other persons or Members calling the meeting, to each Member entitled to vote at such meeting. If mailed, the notice will be deemed to be delivered when deposited in the United States mail addressed to the Member at his address as it appears on the records of the Corporation, with postage prepaid.

~~Section 3.07 —~~ Each member will be entitled to one vote on each matter submitted to vote of members.

~~Section 3.08 — Proxy Voting Prohibited.~~ A member may vote only in person.

~~Section 309 — Quorum of Action by Members.~~ A quorum of a meeting of Members shall be twelve (12). The vote of a majority of Members present at a meeting at which a quorum is present is necessary for the adoption of any matter voted on by the Members, unless a greater proportion is required by the Nonprofit Corporation Law of 1972, the Articles of Incorporation of this Corporation, or any provision of these bylaws.

~~Section 3.11 — Transferability of Membership.~~ Membership in this Corporation is nontransferable and nonassignable.

~~Section 3.12 — Termination of Membership.~~ Membership will terminate in this Corporation on either of the following events, and for no other reason: 1) Receipt by the Board of Directors of the written resignation of a Member, executed by such Member or his duly authorized attorney in fact; 2) The death of a member; 3) For cause, inconsistent with membership after notice, trial, and conviction; 4) In the event the Member ceases to be member of the Board of Trustees of The Pennsylvania State University.

ARTICLE IV

DIRECTORS

Section 4.01 Definition of Board of Directors. The Board of Directors is that group of persons vested with the management of the business and affairs of this Corporation.

~~Section 4.02 — Structure of Board.~~ The Board of Directors of this Corporation will constitute a single class.

Section 4.0302 Appointment Qualifications of Directors. The qualifications for becoming and remaining a Director of this Corporation are as follows: 1) Directors must be of full age, need not be residents of the Commonwealth of Pennsylvania and need not be Members of this Corporation. The Board of Trustees of the Member shall annually appoint the members of the Board of Directors.

Section 4.0403 Number of Directors. The number of Directors of this Corporation will not be less than seven (7) nor more than eleven (11) as shall be determined from time to time by the Member of this Corporation.~~s of this Corporation.~~

~~**Section 4.05 Election of Directors.** Cumulative voting for the election of Directors is prohibited. The persons receiving the highest number of votes by the Members shall be elected to the Board of Directors.~~

Section 4.0604 Terms of Directors. ~~The Directors constituting the first Board of Directors will hold office until the first annual election of Directors in January 1986. Thereafter,~~ Directors will serve until the next annual meeting of the Members and until their successors are duly appointed ~~elected~~ and qualified or until their earlier resignation or removal.

Section 4.0705 Vacancies on the Board. Any vacancy occurring in the Board of Directors may ~~will~~ be filled by appointment by the Chairman of the Board or the Member. The new Director appointed to fill the vacancy will serve for the unexpired term of the predecessor in office and until a successor is duly appointed ~~elected~~ and qualified.

Section 4.0806 Place of Directors' Meetings. Meetings of the Board of Directors, regular or special, will be held at such place within the Commonwealth of Pennsylvania or elsewhere as a majority of the Directors may from time to time time ~~time appoint or as may be~~ designated in the resolution or notice, as applicable.

Section 4.0907 Regular Directors' Meetings. A regular meeting of the Board of Directors shall be held ~~annually, annually, immediately following the annual meeting of the Members at the place where such meeting of the Members is held or at such other place, date and hour as a majority of the newly elected Directors~~ on such date and at such set time and place as the Board of Directors may designate. At such meeting, the Board of Directors shall elect officers of the Corporation and transact such other business that may come before the meeting. In addition to such annual regular meeting, the Board of Directors shall have the power to fix by resolution the place, date and hour of other regular meetings of

the Board. ~~If so fixed, This provision of the Bylaws constitutes notice to all Directors of regular meetings for all years and instances, and~~ no further notice shall be required although such notice may be given.

Section 4.1008 Notice of Special Directors' Meetings. Written or printed notice stating the place, day, and hour of any special meeting of the Board of Directors shall be given to each Director not less than one (1) day before the date of the meeting, ~~either~~ personally or by ~~first-class mail, facsimile, or email,~~ by or at the discretion of the Chairman of the Board, the President, or the Secretary, or the Directors calling the meeting. ~~If mailed, such notice will be deemed to be delivered when deposited in the United States mail by registered or certified mail addressed to the Director at his address as it appears on the records of this Corporation, with postage prepaid.~~ Such notice need not state the business to be transacted at, nor the purpose of, such meeting.

Section 4.1109 Call of Special Board Meetings. A special meeting of the Board of Directors may be called by ~~any of the following either:~~ 1) The Chairman of the Board; 2) The President; ~~or~~ 3) A majority of the Board of Directors.

Section 4.1210 Waiver of Notice. Attendance of a Director at any meeting of the Board of Directors will constitute a waiver of notice of such meeting except where such Director attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

Section 4.1311 Quorum of Directors. A majority of the whole Board of Directors will constitute a quorum. The act of a majority of the Directors present at a meeting at which a quorum is present will be the act of the Board of Directors unless a greater number is required under applicable laws of the Commonwealth of Pennsylvania ~~the provisions of the Nonprofit Corporation Law of 1972,~~ the Articles of Incorporation of this corporation, or any provision of these Bylaws.

Section 4.1412 Participation in Meetings by Conference Telephone. Any director may participate in any meeting of the Board of Directors or any committee (provided he is otherwise entitled to participate), be counted for the purpose of determining a quorum thereof and exercise all rights and privileges to which he might be entitled were he personally in attendance, including the right to vote, by

means of conference telephone or other similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

Section 4.1513 Powers (a) General Powers – The Board of Directors shall have all the power and authority granted by law to the Board, including all powers necessary or appropriate to the management of the business and affairs of the Corporation.

(b) Specific Powers – Without limiting the general powers conferred by the last preceding clause and the powers conferred by the Articles and these Bylaws of the Corporation, it is hereby expressly declared that the Board of Directors shall have the following powers:

(1) To confer upon any officer or officers of the Corporation the power to choose, remove or suspend assistant officers, agents or servants.

(2) To appoint any person, firm or corporation to accept and hold in trust for the corporation any property belonging to the Corporation or in which it is interested, and to authorize any such person, form or corporation to execute any documents and perform any duties that may be requisite in relation to any such trust.

(3) To appoint a person or persons to vote shares of another corporation held and owned by the Corporation.

(4) By resolution adopted by a majority of the whole Board of Directors, to designate one or more committees, each committee to consist of two or more of the Directors of the Corporation. To the extent provided in any such resolution and to the extent permitted by law, a committee so designated shall have and may exercise the authority of the Board of Directors in the management of the business and affairs of the Corporation. The Board of Directors may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. If specifically granted this power by the Board in its resolution establishing the committee, in the absence or disqualification of any member and all designated alternates of such committee or committees or if the whole Board of

Directors has failed to designate alternate members, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another Director to act at the meeting in the place of any such absent or disqualified member.

(5) To fix the compensation of Directors and officers for their services.

Section 4.1614 Removal of Directors by Members. The entire Board of Directors or any individual Director may be removed from office without assigning any cause by the ~~vote of a majority of the Members of the Corporation~~. In case the Board of Directors or any one or more Director is so removed, new Directors may be ~~appointed~~ elected at the same time.

ARTICLE V

OFFICERS

Section 5.01 Roster of Officers. The Officers of this Corporation will consist of the following personnel:

- (1) A Chairman of the Board.
- (2) A President
- (3) A Vice President
- (4) A Secretary and an Assistant Secretary
- (5) A Treasurer and an Assistant Treasurer

Section 5.02 Selection of Officers. Each of the Officers of this Corporation will be elected and appointed annually by the Board of Directors. Each Officer will remain in office until a successor to such office has been selected and qualified. Such election will take place at the ~~regular~~ annual meeting of the Board of Directors ~~taking place immediately following the annual meeting of the Members~~.

Section 5.03 Multiple Officeholders. In any election of Officers, the Board of Directors may elect and appoint a single person to any two or more offices simultaneously ~~(except that the offices of President, Secretary and Treasurer must be held by separate individuals)~~.

Section 5.04 Chairman of the Board. The Chairman of the Board shall preside at the meetings of the Board of Directors and shall perform such other duties as may be provided in these Bylaws or as may be prescribed from time to time by the Board of Directors.

Section 5.05 President. The President will be the Chief Executive Officer of this Corporation and will, subject to the control of the Board of Directors or Directoral Committees, supervise and control the affairs of the Corporation. The President will perform all duties incident to such office and such other duties as may be provided in these Bylaws or as may be prescribed from time to time by the Board of Directors.

Section 5.06 Vice President. The Vice President will perform all duties and exercise all powers of the President when the President is absent or is otherwise unable to act. The Vice President will perform such other duties as may be prescribed from time to time by the Board of Directors.

Section 5.07 Secretary. The Secretary will keep minutes of all meetings of the Members and of the Board of Directors, will be the custodian of the corporate records, will give all notices as are required by law or by these Bylaws, and, generally, will perform all duties incident to the office of Secretary and other such duties as may be required by law, by the Articles of Incorporation, or by these Bylaws, or which may be assigned from time to time by the Board of Directors.

Section 5.08 Treasurer. The Treasurer will have charge and custody of all funds and securities of this Corporation, will deposit the funds and securities in such banks or depositories as required by the Board of Directors, will sign checks made by this Corporation, will keep and maintain adequate and correct accounts of the Corporation's properties and business transactions, will render reports and accountings to the Directors and to the Members as required by the Board of Directors or the Members or by law, and will perform in general all duties incident to the office of Treasurer and such other duties as may be required by law, by the Articles of Incorporation, or by these Bylaws, or which may be assigned from time to time by the Board of Directors. He shall give such bond, if any, for the faithful performance of his duties as shall be required by the Board of Directors and any such bond shall be in the custody of the Secretary.

Section 5.09 Removal of Officers. Any Officer ~~elected or~~ appointed to office shall serve at the pleasure of the Board of Directors and may be removed by the Board whenever in their judgment the best interests of this Corporation will be served. However, such removal will be without prejudice to any contract rights of the Officer so removed.

Section 5.10 Delegation of Office. The Board may delegate the powers or duties of any Officer of the Corporation to any other person from time to time.

ARTICLE VI

INFORMAL ACTION

Section 6.01 ~~Waiver of Notice.~~ ~~Whenever any notice whatever is required to be given under the provisions of applicable law of the Commonwealth of Pennsylvania the Nonprofit Corporation Law of 1972, the Articles of Incorporation of this Corporation, or these Bylaws, a waiver of such notice in writing signed by the person or persons entitled to notice, whether before or after the time stated in such waiver, will be deemed equivalent to the giving of such notice. Such waiver must, in the case of a special meeting of Members, specify the general nature of the business to be transacted.~~

~~Section 6.02 — Action by Consent.~~ Any action required by law or under the Articles of Incorporation of this Corporation or these Bylaws, or any action which otherwise may be taken at a meeting of ~~either~~ the Members or Board of Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the persons entitled to vote with respect to the subject matter of such consent, or all Directors in office, and filed with the Secretary of the Corporation. Such written consent may be executed in one or more counterparts, all of which together shall be one and the same instrument.

ARTICLE VII

OPERATIONS

Section 7.01 Fiscal Year. The fiscal year of this corporation shall be from July 1 through June 30.

Section 7.02 Execution of Documents. Except as otherwise provided by law, checks, drafts, promissory notes, orders for the payment of money, and other evidences of indebtedness of this Corporation will be signed by the Treasurer. Contracts, leases, or other instruments executed in the name of and on behalf of the Corporation will be signed by the President, or the Vice President, or the Treasurer or Assistant Treasurer ~~and attested by the Secretary or Assistant Secretary.~~

Section 7.03 Books and Records. This Corporation will keep correct and complete books and records of account, and will also keep minutes of the proceedings of ~~the its~~ Members, ~~the~~ Board of Directors, and ~~any~~ Directoral Committees. The Corporation will keep at its principal place of business a ~~membership register giving the names, addresses, and other details of the membership of each, and the~~ original or a copy of its Bylaws including amendments to date certified by the Secretary of the Corporation.

~~**Section 7.04 Inspection of Books and Records.** All books and records of this Corporation may be inspected by any Member, or his agent or attorney, for any proper purpose at any reasonable time on written demand under oath stating such purpose.~~

Section 7.045 Nonprofit Operations. This Corporation will not have or issue shares of stocks. No dividend will be paid, and no part of the income of this Corporation will be distributed to ~~its~~ the Members, Directors, or Officers. However, the Corporation may pay compensation in a reasonable amount to ~~Members,~~ Officers, or Directors for services rendered.

Section 7.056 Loans to Management. This Corporation will make no loans to any of its Directors or Officers or to any of its key management or other personnel.

ARTICLE VIII

INDEMNIFICATION OF DIRECTORS AND OFFICERS AND OTHER PERSONS

Section 8.01 Indemnification. The Corporation shall indemnify any Director or Officer of the Corporation against expenses (including legal fees), judgments, fines and amounts paid in settlement, actually and reasonably incurred by him to the fullest extent now or hereafter permitted by law in connection with any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative, brought or threatened to be brought against him, including actions or suits by or in the right of the Corporation, by reason of the fact that he is or was a Director or Officer of the Corporation, its parent or any of its subsidiaries, or acted as a Director or Officer or in any other capacity on behalf of the corporation, its parent or any of its subsidiaries or is or was serving at the request of the Corporation as a Director, Officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise.

The Board of Directors by resolution may similarly indemnify any person other than a Director or Officer of the Corporation to the fullest extent now or hereafter permitted by law for liabilities incurred by him in connection with services rendered by him for or at the request of the Corporation, its parent or any of its subsidiaries.

The provisions of this section shall be applicable to all actions, suits or proceedings commenced after its adoption, whether such arise out of acts or omissions which occurred prior or subsequent to such adoption and shall continue as to a person who has ceased to be a Director or Officer or to render services for or at the request of the Corporation and shall insure to the benefit of the heirs, executors and administrators of such a person. The rights of indemnification provided for herein shall not be deemed the exclusive rights to which any Director, Officer, employee or agent of the Corporation may be entitled.

Section 8.02 Advances. The Corporation may pay the expenses incurred by any person entitled to be indemnified by the Corporation in defending a civil or criminal action, suit or proceeding in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking, by or on behalf of such person, to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized by law.

Section 8.03 Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee or agent of the Corporation or who is or was serving in any capacity in any other corporation or organization at the request of the Corporation against any liability asserted against him or incurred by him in any such capacity or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under law.

ARTICLE IX

INTERPRETATION OF BYLAWS

Section 9.01 All words, terms and provisions of these Bylaws shall be interpreted and defined by and in accordance with applicable laws of the Commonwealth of Pennsylvania as in effect the Pennsylvania Nonprofit Corporation Law of 1972, as amended, and as amended from time to time thereafter.

ARTICLE X

AMENDMENT

Section 10.1 Modification of Bylaws. The power to alter, amend, or repeal these Bylaws, or to adopt new Bylaws, insofar as is allowed by law, is vested in the Board of Directors.

Adopted: _____, 2016