

9:45 a.m. -

1. **Roll Call**

2. **Approval of the Minutes of Previous Meeting**

Will the Board of Trustees approve the minutes of the meeting of the Board held on September 9, 2011?

3. **President's Report**

10:45 a.m. -

4. **Informational Report on Enrollment, Characteristics, and Initiatives**

Dr. Robert N. Pangborn, Vice President and Dean for Undergraduate Education, will present a report on undergraduate admissions, enrollment, and student characteristics, and initiatives to enhance student success.

The following agenda item (5) was withdrawn at the meeting and deferred until a subsequent meeting.

5. **Changes in Room and Board Charges for the 2012 Fall Semester, The Pennsylvania State University**

(See Also Agenda Item 6.C.8)

Ms. Gail L. Hurley, Associate Vice President for Auxiliary and Business Services, will present information on housing and food budget matters.

1:30 p.m. -

6. **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 Campus Environment** - Michael F. DiBerardinis, Chair

B. **Committee on Educational Policy** - David M. Joyner, Chair

1) **Discussion of Consent Agenda Items Provided for Information or Approval of the Committee on Educational Policy:**

Information Items -

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

(See Appendix I)

6. Reports from Standing Committees (Continued)**B. Committee on Educational Policy** (Continued)

Agenda item (B.2) was editorially amended at the meeting.

2) Proposal to Reorganize the Academic Departmental Structure in the College of Agricultural Sciences

The College of Agricultural Sciences proposes to reorganize its academic departmental structure. The College of Agricultural Sciences has reevaluated its current academic structure of twelve academic departments and proposes a change that would position the College to continue its trajectory toward excellent fundamental and translational research, highly relevant and recognized Extension education programming, and education of career-ready graduates. The proposed structure includes nine academic departments that will better position the College for the increasingly interdisciplinary world of agricultural science research and the changing dynamics of the American and global food and fiber system. It will enable the College to build more nationally recognized programs, broaden the scope and appearance of its majors, create critical mass, and be more efficient and effective in instruction, research, and Cooperative Extension. This proposal builds upon the recommendations of the Academic Program and Administrative Services Review Core Council and was developed utilizing the AG Futures Process, a process designed to develop and implement a new business model for the college and address budget strategies in order to emerge as a stronger, more agile college well positioned to address the future. This process also builds on the college strategic plan, which informs decision making and resource allocation.

The proposed nine academic departments are:

- Food Science
- Agricultural and Biological Engineering
- Animal Science
- Veterinary and Biomedical Sciences
- Agricultural Economics, ~~and Rural Sociology~~ Sociology, and Education
- Plant Pathology and Environmental Microbiology
- Entomology
- Plant Science
- Ecosystem Science and Management

In addition to the scholarly and academic goals achieved by the proposed reorganization, the College will be positioned to continue to achieve financial efficiencies that address available funding sources.

The proposal has the support of the faculty, the Dean of the College of Agricultural Sciences, the support of related academic units and was endorsed by the University Faculty Senate Council.

Will the Committee on Educational Policy recommend to the Board of Trustees adoption of the following resolution:

RESOLVED, that the Board of Trustees approves the proposed reorganization of the College of Agricultural Sciences into the following nine departments: Food Science; Agricultural and Biological Engineering; Animal Science; Veterinary and Biomedical Sciences; Agricultural Economics, ~~and Rural Sociology~~ Sociology, and Education; Plant Pathology and Environmental Microbiology; Entomology; Plant Science; and Ecosystem Science and Management, effective July 1, 2012.

C. Committee on Finance and Physical Plant - Linda B. Strumpf, Chair

1) Discussion of Consent Agenda Items Provided for Information or Approval of the Committee on Finance and Physical Plant:

Information Items -

- a) Internal Air Systems Research Facility, University Park
- b) Classroom Building Biology Laboratory Addition and Renovations, Penn State Schuylkill
- c) Radiology Shell Space Fit-Out - Phase I, The Milton S. Hershey Medical Center
- d) Shaver's Creek Dam Rehabilitation, Stone Valley Recreation Area
- e) Naming of Rooms, Portions of Buildings, and Plazas
- f) Sale of Gifted Laird Smith Property, Penn State Lehigh Valley
- g) Status of Major Construction Programs and Borrowing
- h) Conflict of Interest Disclosure

Action Items -

- i) Summary of Revisions to Existing Scholarships, Fellowships, Etc.
- j) Acknowledgments of Endowments and Other Major Commitments

(See Appendix II)

2) Proposed Renaming of the Materials Research Institute Building at Innovation Park, "The 230 Building," University Park

The Facilities Naming Committee has recommended that the Board of Trustees name the Materials Research Institute Building (0965002) at Innovation Park "The 230 Building." The Materials Research Institute is being relocated to the Millennium Building. Most of the other buildings located at Innovation Park are named using the street address.

Will the Committee on Finance and Physical Plant recommend to the Board of Trustees adoption of the following resolution:

RESOLVED, That the Materials Research Institute Building (0965002) at Innovation Park is named "The 230 Building."

(See Appendix III)

3) Proposed Naming of the Technology Building the "Robert D. Arbuckle Technology Building," Penn State New Kensington

The Facilities Naming Committee has recommended that the Board of Trustees name the Technology Building at Penn State New Kensington the "Robert D. Arbuckle Technology Building" in honor of Dr. Robert D. Arbuckle, former CEO at Penn State New Kensington. The recognition plaque should read:

*In honor of
Dr. Robert D. Arbuckle
for his lifelong dedication and commitment
to Penn State New Kensington*

C. Committee on Finance and Physical Plant (Continued)**3) Proposed Naming of the Technology Building the "Robert D. Arbuckle Technology Building," Penn State New Kensington (Continued)**

Will the Committee on Finance and Physical Plant recommend to the Board of Trustees adoption of the following resolution:

RESOLVED, That the Technology Building at Penn State New Kensington is named the "Robert D. Arbuckle Technology Building."

(See Appendix IV)

4) Conflict of Interest – Amendment of Memorandum of Agreement to Support a Visiting Scientist with SilcoTek Corporation

The *Bylaws* of the University, Article 6(1), provide that, "No member of the Board of Trustees, any member's spouse or any corporation, partnership, association or other organization in which one or more members of the Board of Trustees, or any member's spouse or dependent child has a beneficial ownership of ten (10%) percent or more, shall enter into any contract or transaction valued at \$10,000 or more with the University unless the contract has been awarded through an open and public bidding process, in accordance with University Purchasing Policy, or has been fully disclosed to the Board of Trustees and approved by the affirmative votes of a majority of the disinterested members of the Board of Trustees. Full disclosure shall mean disclosure of the material facts as to the relationship or interest of the member or members of the Board of Trustees, or spouse or dependent child of such member or members, and disclosure of the material facts as to the contract or transaction, including a sole source justification. Approval by a majority of disinterested members of the Board of Trustees shall be valid even though the disinterested members are less than a quorum. The member or members interested in the contract or transaction may be counted in determining the presence of a quorum, may briefly state a position on the contract or transaction, and may answer pertinent questions concerning the contract or transaction, but such member or members shall not vote on the matter. The minutes of the meeting shall reflect that disclosure was made, the abstention from voting by the interested member or members and the approval by a majority of disinterested members. A record of such contracts or transactions shall be maintained in the office of the senior vice president for finance and business and shall be available for inspection by members of the Board of Trustees."

Trustee Paul Silvis has a beneficial ownership of more than 10 percent of SilcoTek Corporation (the sponsor). In January 2011, the Board of Trustees ratified a memorandum of agreement between the University, through the Office of Sponsored Programs, to support a visiting scientist with the sponsor. The sponsor agreed to support and participate in the development of fundamental research in fields having an impact relevant to the sponsor's and the University's mutual interest and has agreed to send an employee to the University as a visiting scientist to further his/her experience in the fields at the Materials Research Institute. The sponsor provided support to the University in the amount of \$24,000 for one year to support the visiting scientist. It is now proposed to extend the period of performance for an additional year (no cost extension).

C. Committee on Finance and Physical Plant (Continued)**4) Conflict of Interest – Amendment of Memorandum of Agreement to Support a Visiting Scientist with SilcoTek Corporation (Continued)**

Will the Committee on Finance and Physical Plant recommend to the Board of Trustees adoption of the following resolution:

WHEREAS, in January 2011, the Board of Trustees ratified the memorandum of agreement to support a visiting scientist between SilcoTek Corporation (the sponsor) and the University to provide financial support to the visiting scientist in Materials Research Institute identified by the sponsor for a period of one year in the amount of \$24,000, and

WHEREAS, it is desired to extend the period of performance for an additional year (with no cost extension),

RESOLVED, that the proposed amendment to the memorandum of agreement to extend the period of performance for an additional year is approved.

5) Proposed Appointment of an Architect, McCoy Natatorium Addition/Indoor Tennis Center, University Park

The Subcommittee on Architect/Engineer Selection will make a report and recommendation on the appointment of an architect for the McCoy Natatorium Addition/Indoor Tennis Center at University Park

6) Proposed Appointment of an Architect, Educational Activities and Building Addition and Renovations, Penn State Harrisburg

The Subcommittee on Architect/Engineer Selection will make a report and recommendation on the appointment of an architect for the Educational Activities Building Addition and Renovations at Penn State Harrisburg.

7) Proposed Appointment of an Architect, Additional South Halls Building, University Park

In March 2011, the Board of Trustees approved the appointment of Barton Malow of Baltimore, Maryland, to design and build the South Halls Renovation at University Park. An additional South Halls Building is now proposed, and it is recommended that Barton Malow of Baltimore, Maryland, be appointed as architect for an additional building at South Halls at University Park.

Will the Committee on Finance and Physical Plant recommend to the Board of Trustees adoption of the following resolutions:

RESOLVED, That in view of the special nature of this project, the process for the selection of the architect has been delegated to the Office of Physical Plant.

FURTHER BE IT RESOLVED, That the Officers of the University are authorized to appoint Barton Malow of Baltimore, Maryland, to design and build the additional South Halls Building at University Park.

C. Committee on Finance and Physical Plant (Continued)

The following agenda item (C.8) was withdrawn at the meeting and deferred until a subsequent meeting.

8) Proposed Changes in Room and Board Charges for the 2012 Fall Semester, The Pennsylvania State University

It will be necessary to increase room and board charges effective for the 2012 Fall Semester because of increased operating and facility maintenance costs. Appendix V provides details of the Housing and Food Service Budget Presentation for 2012-2013, as well as the proposed rates at University Manor, The Milton S. Hershey Medical Center.

Will the Committee on Finance and Physical Plant recommend to the Board of Trustees adoption of the following resolution:

RESOLVED, That room and board charges at all locations be increased as shown on Schedules I through IV attached hereto and which are a part of this resolution.

(See Appendix V)

9) Report on Audited Financial Statements

Comments about the University's Audited Financial Statements will be made by Joseph J. Doncsecz, Associate Vice President for Finance and Corporate Controller. A representative from Deloitte & Touche will also be in attendance at the meeting.

(Copies of the Audited Financial Statements will be mailed to Trustees under separate cover.)

The following agenda item (C.10) was deferred.

10) Photo Report on Selected Construction Projects

A photo report on the progress of selected construction projects will be presented at the meeting.

7. Legal Matters

Cynthia A. Baldwin, Vice President and General Counsel, will present an informational report on University legal matters and/or policies normally considered by a Standing Committee of the Board.

8. Proposed Appointment of a Screening Committee for the Distinguished Alumni Award

Will the Board of Trustees authorize the Chairman of the Board to appoint a committee to screen all nominees for the Distinguished Alumni Award, and present a slate at the January 2012 meeting?

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

The following was presented as a white sheet item for action at the meeting.

Will the Board of Trustees adopt the following resolution:

RESOLVED, That upon Governor Corbett's request, Jennifer Branstetter, Secretary of Planning & Policy, Commonwealth of Pennsylvania, be authorized to serve as the Governor's non-voting official representative at all meetings and other functions of the Board of Trustees of The Pennsylvania State University which the Governor is unable to attend.

1. Information on Undergraduate Programs

A. College of Engineering

1) Applied Materials Option and Alternative Energy and Power Generation Option in the Bachelor of Science in General Engineering: New Options

The new Applied Materials Option and Alternative Energy and Power Generation Option will replace the existing Applied Materials track and the Alternative Energy and Power Generation track. Changing the tracks to options is consistent with other University programs providing this level of specialization in a major. The new options will become effective Spring 2012.

2. Information on Graduate Programs

A. Doctor of Philosophy Program in Counseling Psychology in the College of Education: Drop of Program

The proposal to drop the Doctor of Philosophy Program in Counseling Psychology in the College of Education was approved by the Graduate Council at its September 21, 2011 meeting.

The program is one of two Ph.D. programs in the area of counseling (the other Ph.D. program is in Counselor Education) that are housed in the College of Education. It is increasingly difficult to justify multiple programs in a given area at a time when savings must be identified.

B. Software Development Option in the Master of Professional Studies Degree in Information Sciences in the College of Information Sciences and Technology: Drop of Option

The proposal to drop the Software Development Option in the Master of Professional Studies Degree in Information Sciences in the College of Information Sciences and Technology (IST) was approved by the Graduate Council at its September 21, 2011 meeting.

The option has not met the enrollment or financial goals for the program. Furthermore, continuing to offer the program requires additional IST faculty resources. Finally, we expect further erosion among the potential pool of applicants for the Software Development Option as the World Campus launches a Master of Software Engineering being offered by the Great Valley Campus. As a result of this new program launching, the decision to discontinue the IST option should have minimal, if any, negative impact on the overall number of students taking courses and programs online from Penn State.

C. Doctor of Philosophy Program in Biomedical Sciences/Doctor of Medicine Joint-Degree Program in the College of Medicine: New Program

The proposal to offer the Doctor of Philosophy in Biomedical Sciences/Doctor of Medicine Joint-Degree Program in the College of Medicine was approved by the Graduate Council at its September 21, 2011 meeting.

All medical schools at research-intensive universities offer a M.D./Ph.D. joint degree program, as Penn State has since 1988. This proposal extends that program to a new Ph.D. program in Biomedical Sciences (BMS). The BMS program is replacing four graduate programs at the College of Medicine, all of which offered joint degrees with the College of Medicine M.D. Program. It is also noted that the breadth of research represented by the program faculty combined with the flexibility inherent in the BMS program will be a major attraction to potential M.D./Ph.D. students and is expected to result in increased interest from highly qualified applicants.

1. Internal Air Systems Research Facility, University Park

The University intends to renovate approximately 3,400 square feet of the North American Refractories Building near CATO Park to provide the infrastructure to operate one of the world's most advanced turbine laboratories. Research will focus on improving efficiencies of gas turbine engines for aircraft propulsion and power plant energy production. Support for the testing components and facilities will be provided by United Technologies Corporation-Pratt & Whitney and the Department of Energy-National Energy Technology Lab.

The project scope includes rooms to house large scale test equipment, a control room, and the associated electrical and mechanical systems upgrades to support the turbine research at a cost estimate of \$1,500,000.

(See Appendix II.1)

2. Classroom Building Biology Laboratory Addition and Renovations, Penn State Schuylkill

The University intends to expand and enhance the biology teaching and research laboratories in the Classroom Building at Penn State Schuylkill. This construction includes a 1,266 square foot classroom addition, 704 square feet of research space renovation with a holding room for research animals, an expanded greenhouse, and improved ventilation. An elevator is also being added to create a handicapped accessible route to the second floor. The cost estimate of the project is \$1,835,000; \$590,000 of which is being funded by a National Science Foundation grant.

(See Appendix II.2)

3. Radiology Shell Space Fit-Out - Phase I, The Milton S. Hershey Medical Center

The Medical Center intends to complete the fit-out of the new shell space under the Garden of Life for the Radiology Biopsy CT Scanner suite. This 6,325 square foot renovation will create a CT scan room with control room, 10 patient holding bays, nurses' station, staff work areas, laboratory, reading room and support spaces. The cost estimate for this project is \$2,796,500.

(See Appendix II.3)

4. Shaver's Creek Dam Rehabilitation, Stone Valley Recreation Area

Prior to 2008, structural deficiencies in the earthen dam at Lake Perez were discovered and in 2008 the lake was drained. The University intends to install improvements and mitigation measures to ensure the integrity of the dam. The project scope includes embankment repairs, seepage monitoring pits, a grout curtain at the crest of the dam, seepage control trenches and other improvements with a total project cost estimate of \$4.1 million. Lake Perez will be refilled at completion.

(See Appendix II.4)

5. 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. The Equipment Staff Locker Room (104 Lasch Football Building) for an anonymous commitment. The recognition plaque should read:

Brad "Spider" Caldwell Equipment Room

5. **Naming of Rooms, Portions of Buildings and Plazas** (Continued)

- B. The Swimming Lane #6, (Indoor Aquatics Center) for a commitment from Robert J. Chaney. The recognition plaque should read:

*Robert and Anita Chaney
Swimming Lane #6*

- C. Transfer the name of the "Bennett Playground" at the former Child Development Laboratory at Henderson Building to the new playground at the Gary C. Schultz Child Care Center. The programs and staff of the Child Development Laboratory have recently been folded into the Gary C. Schultz Child Care Center and the former Child Development Lab has been closed. The recognition plaque should read:

*October 28, 2011
On this date, the Bennett Playground was rededicated in its new home
With gratitude to its benefactors Edna Bennett Pierce '53 and the late C. Eugene Bennett*

- D. Several spaces in the Knowledge Commons, Pattee Library, as follows:

- 1) Atrium seating area for a gift from Marlene Trainer. The recognition plaque should read:

*In Honor of
Marlene and Stan Trainer and Family
Atrium Seating*

- 2) Atrium seating area for a gift from Glenn W. and Nancy S. Gamble. The recognition plaque should read:

Glenn W. and Nancy S. Gamble Atrium Seating

- 3) Multimedia Classroom for a commitment from Nike, Inc. in honor of Sue and Joe Paterno. The recognition plaque should read:

Nike, Inc. Multimedia Classroom

- E. A Conference Room, Penn State Hershey Heart and Vascular Institute, for a gift from the I.O. Silver Foundation. The recognition plaque should read:

Miriam Silver Conference Room

- F. A Waiting Area, Penn State Hershey Cancer Institute Melanoma Research, for a commitment from The Mark Encin Foundation for Melanoma Research. The recognition plaque should read:

The Mark Encin Foundation for Melanoma Research Waiting Area

- G. An Infusion Room, Penn State Hershey Cancer Institute, for a gift from Roger and Grace Moyer. The recognition plaque should read:

Roger and Grace Moyer Infusion Room

- H. The small plaza, Penn State Erie, The Behrend College, adjacent to the convenience store presently under construction, "Ben Lane Plaza." The late Ben Lane served in numerous positions at Penn State Erie, including associate professor of English and German, director of Admissions, and also Dean of Students. He authored *Behrend Remembered*, a history of the college and the Behrend Family.

- I. Modify the name of the small garden in front of Moore and Cedar Building at the request of Doug and Julie Rock. The garden will be named the "Robert Glenn Jensen Garden." It had been named the "Jensen Family Garden" in December 2010.

5. Sale of Gifted Property Located at 6214 Hilltop Road, Orefield, Penn State Lehigh Valley

Standing Orders V., Paragraph (4)(c) provides that "Proceeds from the sale of land and other real estate gifted to the University for the express purpose of sale," are to be reported to the Board of Trustees for information. The Board of Trustees is advised of the following property transactions:

In March 2010, the University was gifted 2/5ths ownership of a property comprised of a 1,798 square foot residence on .57 acres located at 6214 Hilltop Road, Orefield, Lehigh Valley, Pennsylvania, from the estate of Laird P. Smith. The property was valued and sold for \$190,000. The terms of the gift do not obligate the University to retain this property and the University has no specific use for the property. In September 2011, the property was sold to Louise A. Schultz, Mr. Smith's daughter. Net sale proceeds will fund the Penn State Lehigh Valley Richard Laird Smith Memorial Scholarship at the request of the donor.

(See Appendix II.5)

6. Status of Major Construction Programs and Borrowing

(See Appendix II.6)

7. Conflict of Interest - Disclosure

The *Bylaws* of the University, Article 6(1)(a)2, require that contracts or transactions valued at less than \$10,000 between the University and one or more members of the Board of Trustees, or any member's spouse, or between the University and any other corporation, partnership, association or organization in which one or more members of the Board, or any member's spouse or dependent child shall be subject to disclosure, but shall not be subject to bidding requirements and need not be approved by the Board of Trustees. Disclosure of such contracts and transactions is to be made annually by written report to the Board of Trustees. Appendix II.7 is a disclosure list of such contracts and transactions between the University and members of the Board of Trustees for the 2010-2011 fiscal year. The Officers of the University certify that the contracts and transactions were made in the normal course of business and were fair to the University.

(See Appendix II.7)

8. Summary of Revisions to Existing Scholarships, Fellowships, Etc. (For the period August 15, 2011 through October 14, 2011)

Will the Committee on Finance and Physical Plant 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 be revoked and that the Officers of the University are authorized to put into effect the revised regulations as requested by the donors.

9. Acknowledgments of Endowments and Other Major Commitments

The Committee on Finance and Physical Plant is advised that for the period August 15, 2011, through October 14, 2011, 36 new funds totaling approximately \$2,696,687 were accepted by the University, including scholarships, fellowships, etc. All of these items conform to established University policies and regulations.

For the period July 1, 2011 through August 31, 2011, 34 major commitments were accepted by the University totaling approximately \$14,199,300.

9. **Acknowledgments of Endowments and Other Major Commitments** (Continued)

Will the Committee on Finance and Physical Plant recommend to the Board of Trustees adoption of the following resolutions:

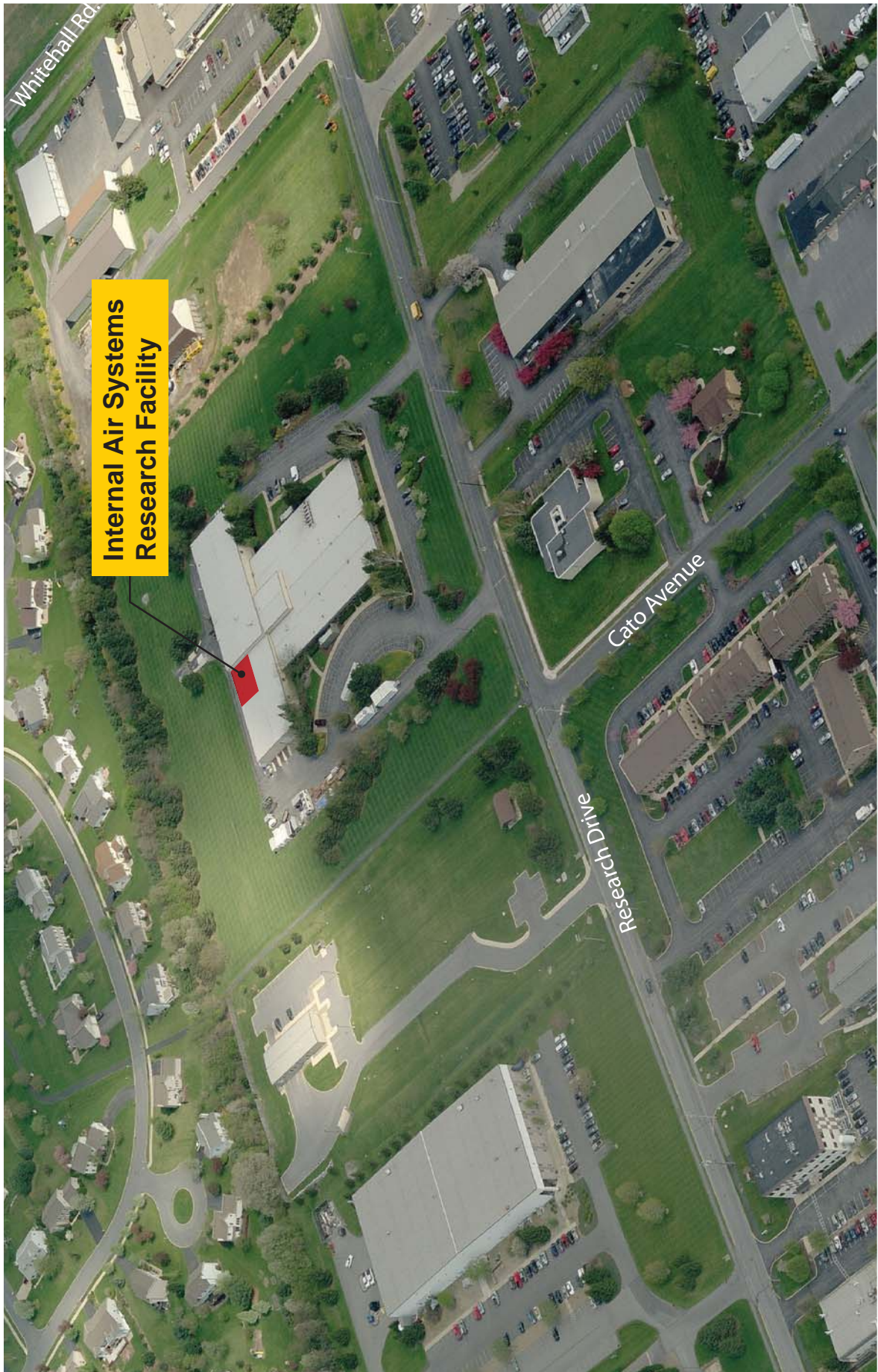
RESOLVED, That the Board of Trustees gratefully acknowledges the generous contributions of the many friends of the University in support of endowments, funds, and other major commitments as reported to the Committee on Finance and Physical Plant at its meeting of November 11, 2011.

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.

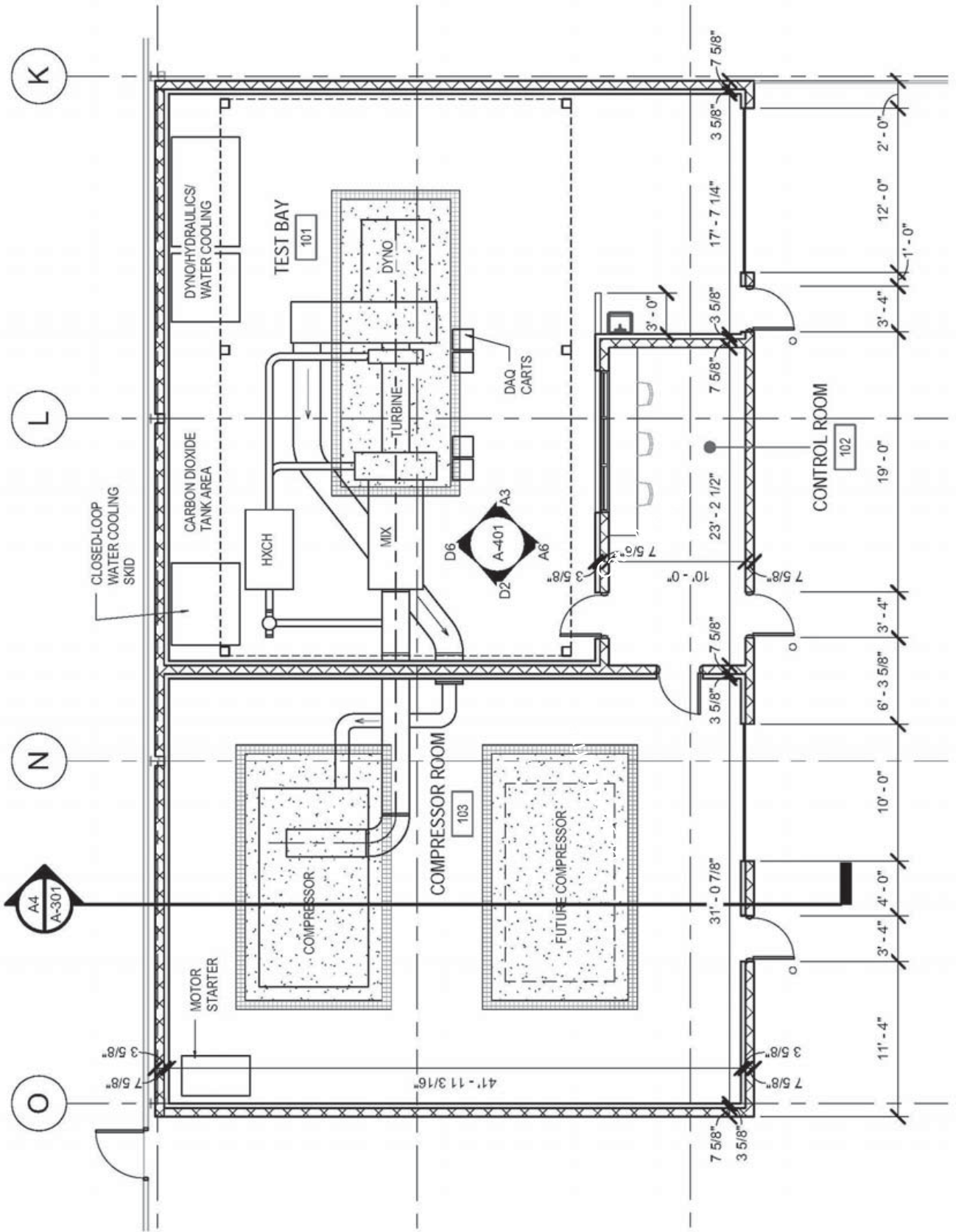
University Park



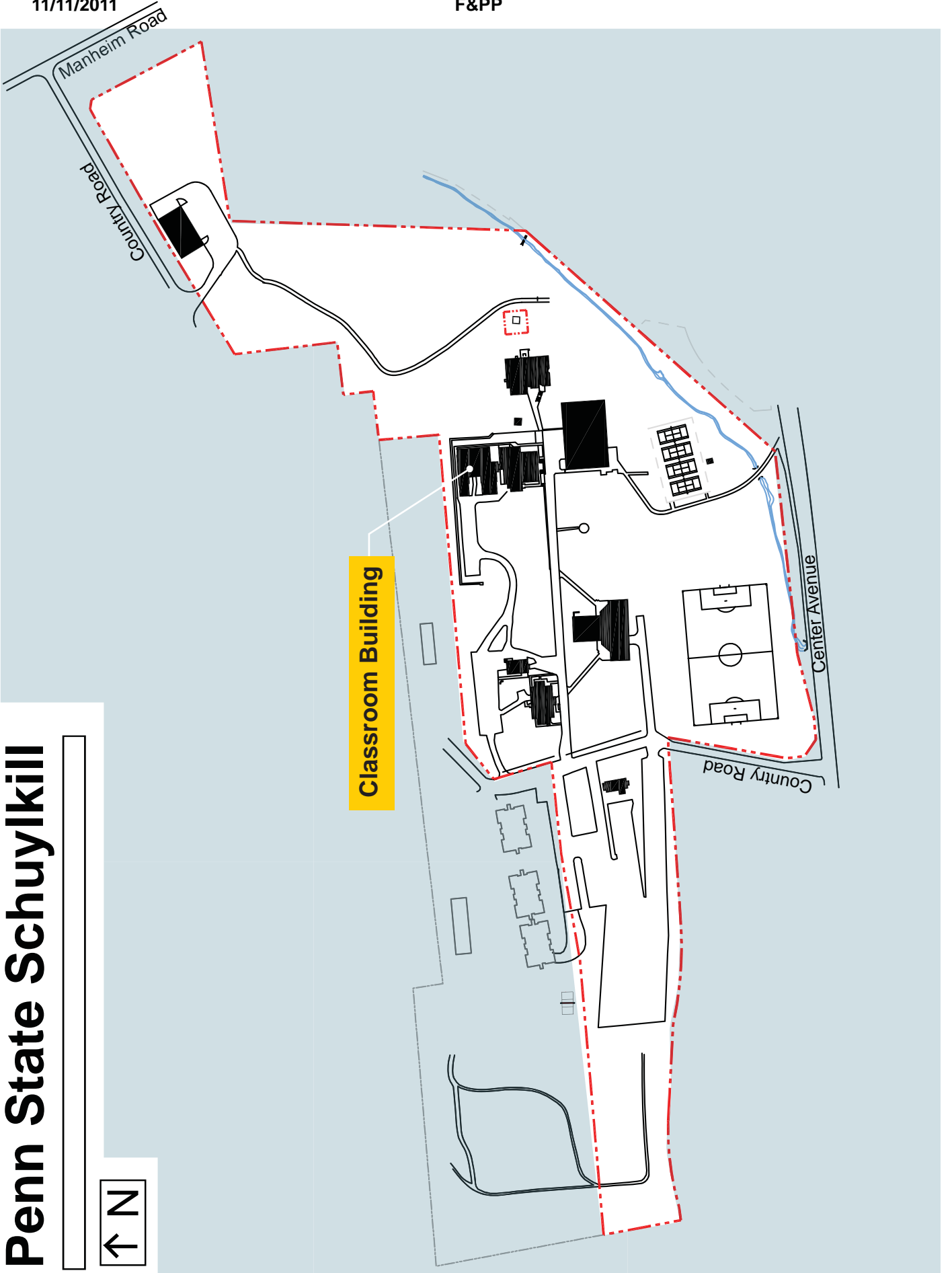
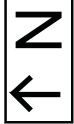
University Park



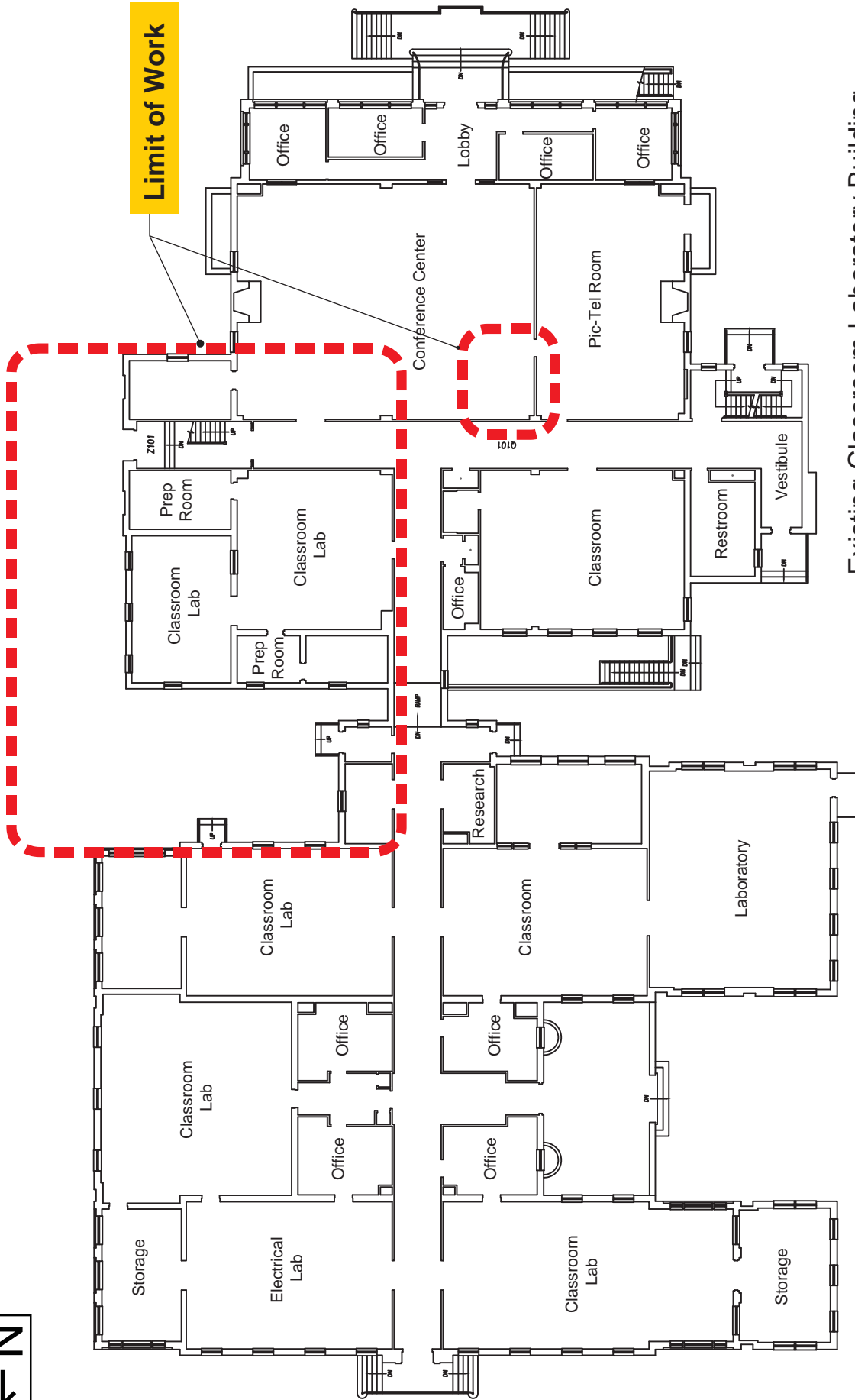
University Park



Penn State Schuylkill

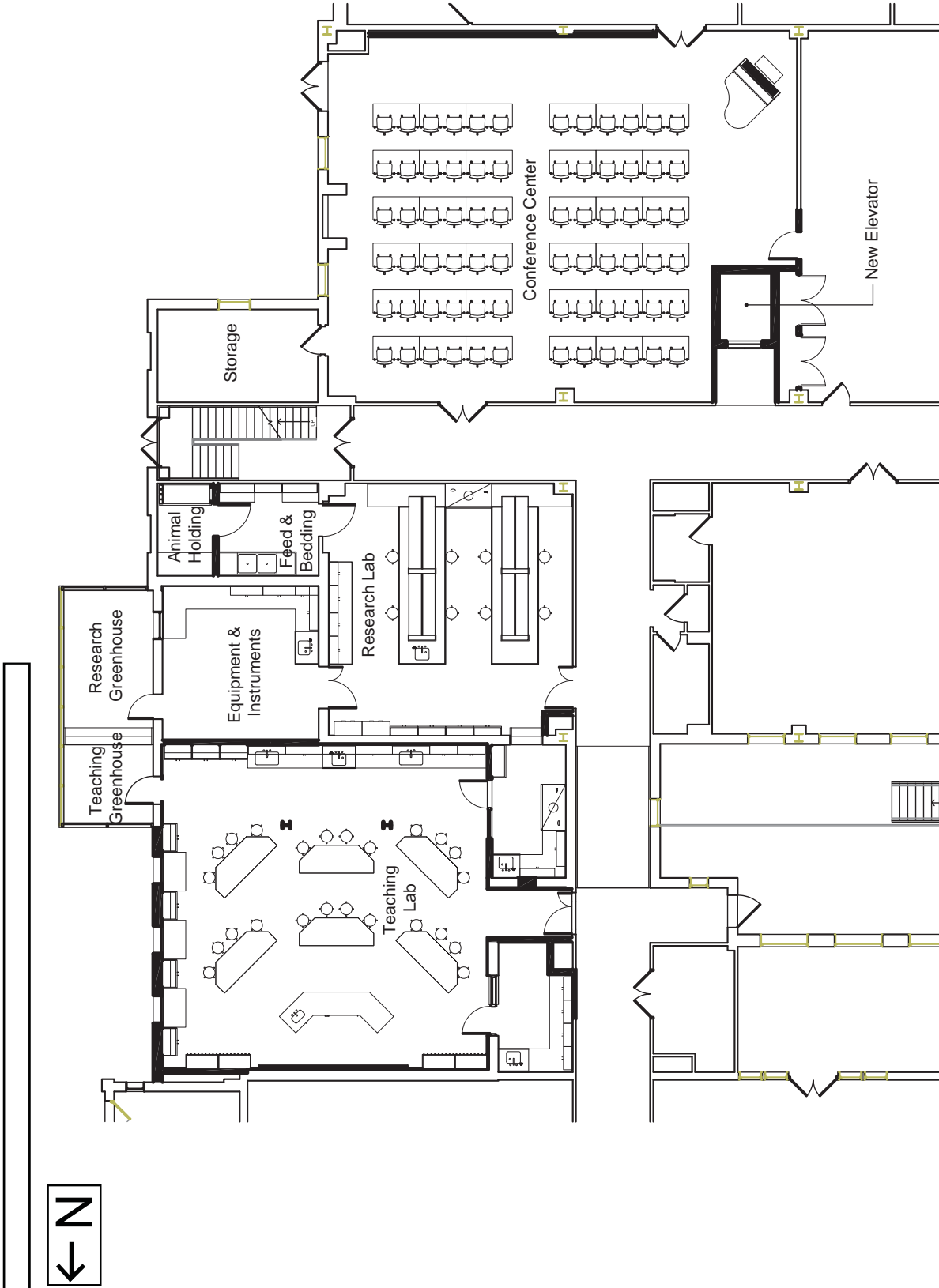


Penn State Schuylkill



Existing Classroom Laboratory Building

Penn State Schuylkill



Classroom Building Laboratory Addition and Renovations

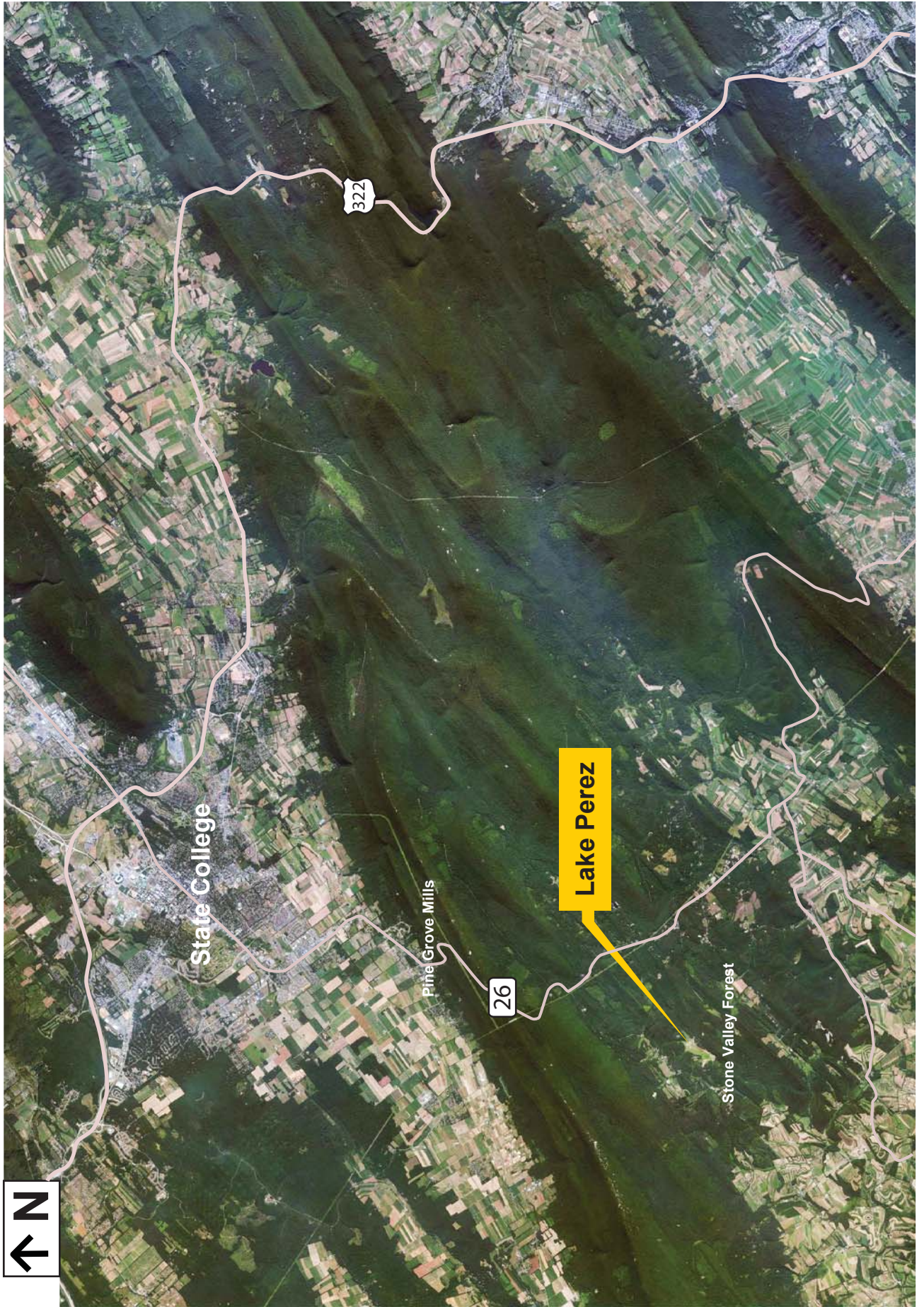
The Milton S. Hershey Medical Center



The Milton S. Hershey Medical Center



Stone Valley Recreation Area

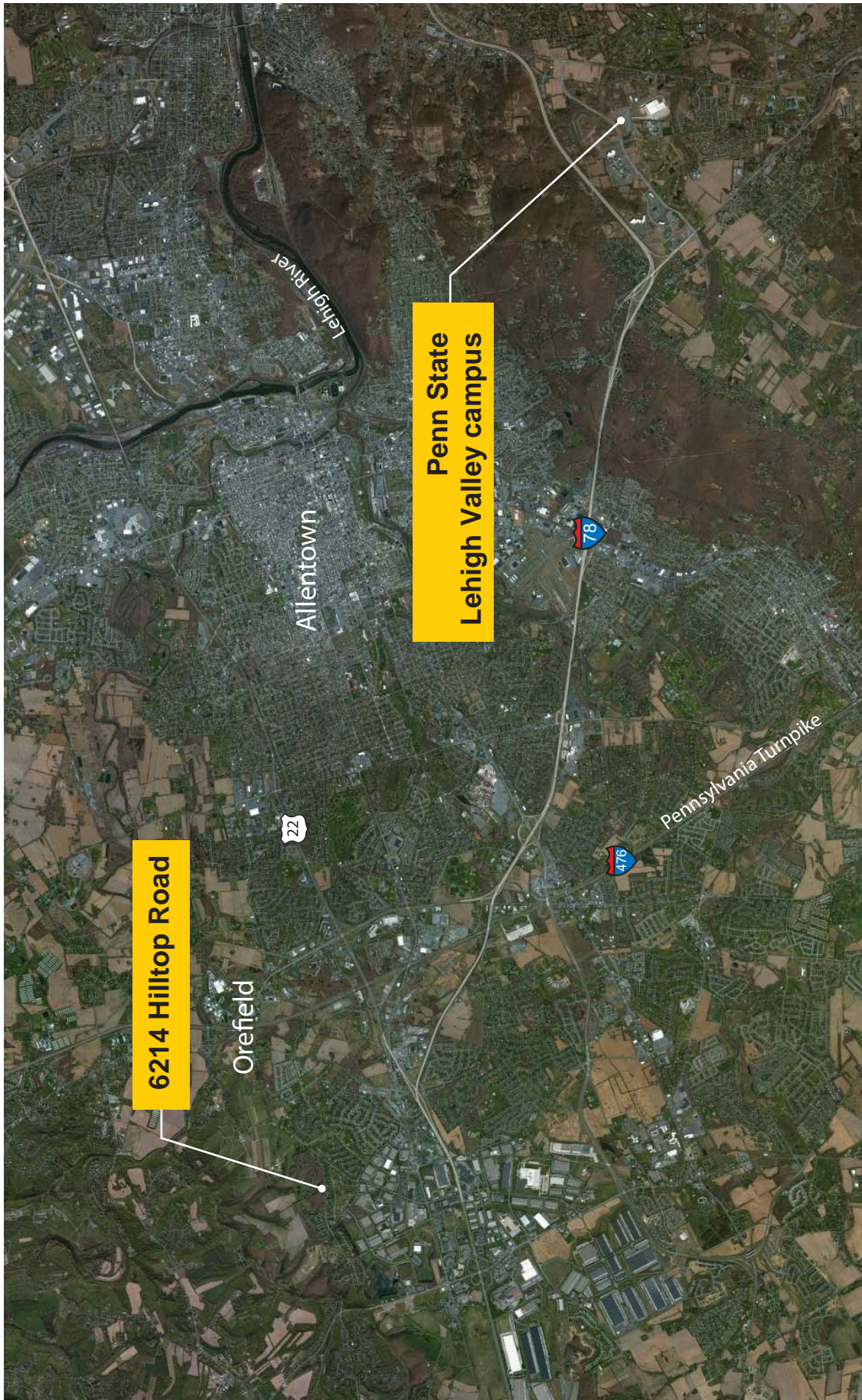


Stone Valley Recreation Area



Lake Perez
before draining

University Dam





STATUS OF MAJOR CONSTRUCTION PROGRAMS AND BORROWING (> \$5 Million)
October 31, 2011

Campus	Project Data				Budget Component Amount	Funding	Gift Amount	BOT Milestones		Construction		Notes
	Project Name	Arch/Eng Selection	Final Plan Approval	Start Date				Completion Date				
Altoona	Renovations to PSU Altoona Housing & Foods Building	N/A	3/11	03/12	\$0	\$0			03/12	08/12	Project to be bid in October / November 2011.	
Berks	Gaige Technology and Business Innovation Building	11/07	01/10	04/10	\$0	\$3,000,000			04/10	10/11	Construction is complete. Building dedication is scheduled for November 3, 2011.	
Hershey	Children's Hospital	11/05	11/09	03/10	\$14,000,000	\$65,000,000			03/10	10/12	Construction is approximately 55% complete.	
Philadelphia	Support Services Building	01/09	03/10	06/10	\$0	\$0			06/10	10/11	Beneficial occupancy received on October 14, 2011.	
	GPIC Hub, Building 661 Retrofit, Philadelphia Navy Yard	09/11	11/12	12/12	\$39,000,000	\$30,000,000			12/12	12/13	Project in design.	
	Beaver Stadium Scoreboard Upgrades	07/11	01/12	01/12	\$0	\$0			01/12	08/12	Project in design.	
	BioBehavioral Health Building	01/08	07/10	12/10	\$48,100,000	\$40,000,000			12/10	10/12	Construction is approximately 38% complete.	
	Eva J. Peil Laboratory for Advanced Biological Research	11/07	11/10	09/11	\$23,000,000	\$0			09/11	12/12	Construction is approximately 2% complete.	
	Cedar Building Renovations	03/11	01/12	02/12	\$8,275,000	\$7,140,000			01/12	12/12	Project in design. Project to be bid in November 2011.	
	East Campus Steam Line	N/A	03/11	06/11	\$13,500,000	\$11,000,000			03/11	08/12	Construction is approximately 15% complete.	
	Environmental Improvements BFP Installations	N/A	N/A	06/08	\$10,500,000	\$7,000,000			N/A	08/14	Project program is approximately 58% complete.	
	Essential Services Program	N/A	N/A	12/05	\$11,950,000	\$3,000,000			N/A	12/14	Project program is approximately 68% complete.	
University Park	Henderson South (Phase II)	01/08	TBD	TBD	\$56,500,000	TBD			TBD	TBD	Project beginning design.	
	HUB Addition	03/11	09/12	TBD	\$25,800,000	\$0			TBD	TBD	Project in design.	
	Old Main Renovation	09/11	01/13	01/13	\$6,000,000	\$0	\$1,500,000		01/13	10/15	Project to begin design.	
	Pegula Ice Arena	11/10	01/12	01/12	\$89,000,000	\$0	\$89,000,000		01/12	09/13	Project in design.	
	IM Building Addition	01/11	09/12	TBD	\$24,000,000	\$0	\$0		TBD	TBD	Project in design.	
	Moore Building Addition	07/08	05/10	06/10	\$26,100,000	\$23,190,000	\$1,800,000		05/10	12/11	Construction is approximately 80% complete.	
	Moore Building Renovation Stage	07/08	01/12	02/12	\$21,900,000	\$18,900,000	\$1,200,000		01/12	08/13	Project in design. Project to be bid in November 2011.	
	South Frear Renovations	N/A	03/11	06/11	\$6,110,000	\$2,460,000	\$0		03/11	01/13	Construction is approximately 18% complete.	
	South Halls Renovations (Phase I)	03/11	01/12	05/12	\$30,000,000	\$0	\$0		01/12	06/13	Project in Design. Development phase.	
	Steam Production Modifications	01/11	07/12	TBD	\$35,000,000	\$0	\$0		07/12	TBD	Project in design.	
	Transformer Replacement Program	N/A	N/A	06/07	\$9,600,000	\$1,000,000	\$0		N/A	12/13	Project program is approximately 55% complete.	
	Water Treatment Plant	01/11	07/12	07/12	\$30,000,000	\$25,000,000	\$0		07/12	07/13	Project in design.	
	West Campus Chilled Water	N/A	03/11	05/11	\$11,900,000	\$6,500,000	\$0		03/11	03/12	Construction is approximately 30% complete.	
	West Pattee Library Renovations	N/A	03/11	05/11	\$7,000,000	\$0	\$7,000,000		03/11	03/12	Construction is approximately 50% complete.	

Summary of University Long-Term Debt - \$(000) (excluding PCT)	Authorized Borrowing Status - \$(000) (excluding PCT)
Total Bonds, Notes and Capital Leases as of June 30, 2011	\$600,000
Bonds, Notes, and Capital Leases Issued Year to Date Fiscal Year 2011/12	(\$313,548)
Year to Date Principal Payments and Premium Amortizations	(\$4,980)
Estimated Bonds, Notes and Capital Leases as of October 31, 2011	\$281,472
* Related Interest Expense Totals Approximately \$18,258	

THE PENNSYLVANIA STATE UNIVERSITY
CONFLICT OF INTEREST DISCLOSURE - FISCAL YEAR 2010-2011
Summary of Transactions Less than \$10,000 each

BOT VENDOR	TOTAL
ACCU WEATHER (Joel Myers ≥ 10% Ownership)	\$ 16,588.58
MOUNT NITTANY INN (Nancy Silvis ≥ 10% Ownership)	\$ 11,530.16
CARNEGIE HOUSE (William Schreyer [d. 1/22/11] ≥ 10% Ownership)	\$ 9,124.46
REDLINE SPEED SHINE (Paul Silvis ≥ 10% Ownership)	\$ 109.00
TOTAL	\$ 37,352.20

THE PENNSYLVANIA STATE UNIVERSITY
CONFLICT OF INTEREST DISCLOSURE
Transactions less than \$10,000 each for Fiscal Year 2010-2011

MOUNT NITTANY INN:

Agricultural Sciences	\$ 1,818.86
Education	\$ 1,578.16
Earth and Mineral Sciences	\$ 1,528.06
Agricultural Sciences	\$ 1,290.59
Business - Smeal College	\$ 819.58
Student Affairs	\$ 654.95
Information Technology Services	\$ 545.60
Housing and Foods	\$ 544.16
University Outreach	\$ 531.00
Science - Eberly College	\$ 352.12
Agricultural Sciences	\$ 329.25
Education	\$ 228.09
Development and Alumni Relations	\$ 198.00
Engineering	\$ 181.54
Earth and Mineral Sciences	\$ 100.00
Education	\$ 100.00
Physical Plant	\$ 100.00
Research - Strategic Initiatives	\$ 100.00
Development and Alumni Relations	\$ 93.06
Liberal Arts	\$ 91.84
Information Technology Services	\$ 88.96
Agricultural Sciences	\$ 61.00
Development and Alumni Relations	\$ 49.90
Agricultural Sciences	\$ 43.00
Liberal Arts	\$ 39.75
Agricultural Sciences	\$ 34.78
Agricultural Sciences	\$ 27.91

TOTAL MOUNT NITTANY INN: \$ 11,530.16

CARNEGIE HOUSE: (effective through 1/22/11)

Health and Human Development	\$ 900.30
Development and Alumni Relations	\$ 521.34
Information Sciences and Technology	\$ 408.00
Dickinson School of Law	\$ 392.00
Business - Smeal College	\$ 280.00
Dickinson School of Law	\$ 280.00
Dickinson School of Law	\$ 280.00
Development and Alumni Relations	\$ 270.59
Arts and Architecture	\$ 238.41

THE PENNSYLVANIA STATE UNIVERSITY
CONFLICT OF INTEREST DISCLOSURE
Transactions less than \$10,000 each for Fiscal Year 2010-2011

CARNEGIE HOUSE (continued)

Engineering	\$	229.52
Business - Smeal College	\$	224.00
Business - Smeal College	\$	224.00
Business - Smeal College	\$	224.00
Business - Smeal College	\$	211.58
Health and Human Development	\$	205.25
Business - Smeal College	\$	177.50
Business - Smeal College	\$	168.00
Business - Smeal College	\$	168.00
Business - Smeal College	\$	168.00
Business - Smeal College	\$	168.00
Business - Smeal College	\$	168.00
Central Finance and Business	\$	165.20
Health and Human Development	\$	159.89
Business - Smeal College	\$	159.60
Earth and Mineral Sciences	\$	153.00
Penn State Harrisburg	\$	150.00
Science - Eberly College	\$	141.84
Business - Smeal College	\$	124.50
Engineering	\$	115.05
Development and Alumni Relations	\$	113.50
Research - Strategic Initiatives	\$	102.50
Science - Eberly College	\$	102.00
Development and Alumni Relations	\$	102.00
Dickinson School of Law	\$	100.78
Business - Smeal College	\$	100.37
Business - Smeal College	\$	96.88
Business - Smeal College	\$	96.84
Engineering	\$	95.05
Business - Smeal College	\$	90.21
Engineering	\$	84.95
Business - Smeal College	\$	77.71
Science - Eberly College	\$	75.01
Science - Eberly College	\$	75.01
Business - Smeal College	\$	74.39
Business - Smeal College	\$	74.00
Earth and Mineral Sciences	\$	73.00
Arts and Architecture	\$	70.90
Dickinson School of Law	\$	65.61
Science - Eberly College	\$	57.98
Business - Smeal College	\$	56.19
Science - Eberly College	\$	51.00
Engineering	\$	46.95

THE PENNSYLVANIA STATE UNIVERSITY
CONFLICT OF INTEREST DISCLOSURE
Transactions less than \$10,000 each for Fiscal Year 2010-2011

Information Sciences and Technology	\$	46.89
Dickinson School of Law	\$	41.95
Dickinson School of Law	\$	39.75
Business - Smeal College	\$	32.40
Dickinson School of Law	\$	26.01
Arts and Architecture	\$	24.83
Arts and Architecture	\$	23.10
Business - Smeal College	\$	20.44
Science - Eberly College	\$	20.01
Business - Smeal College	\$	18.63
Science - Eberly College	\$	18.25
Harrisburg	\$	12.75
Science - Eberly College	\$	7.91
Dickinson School of Law	\$	2.10
Business - Smeal College	\$	(0.96)

TOTAL CARNEGIE HOUSE: **\$ 9,124.46**

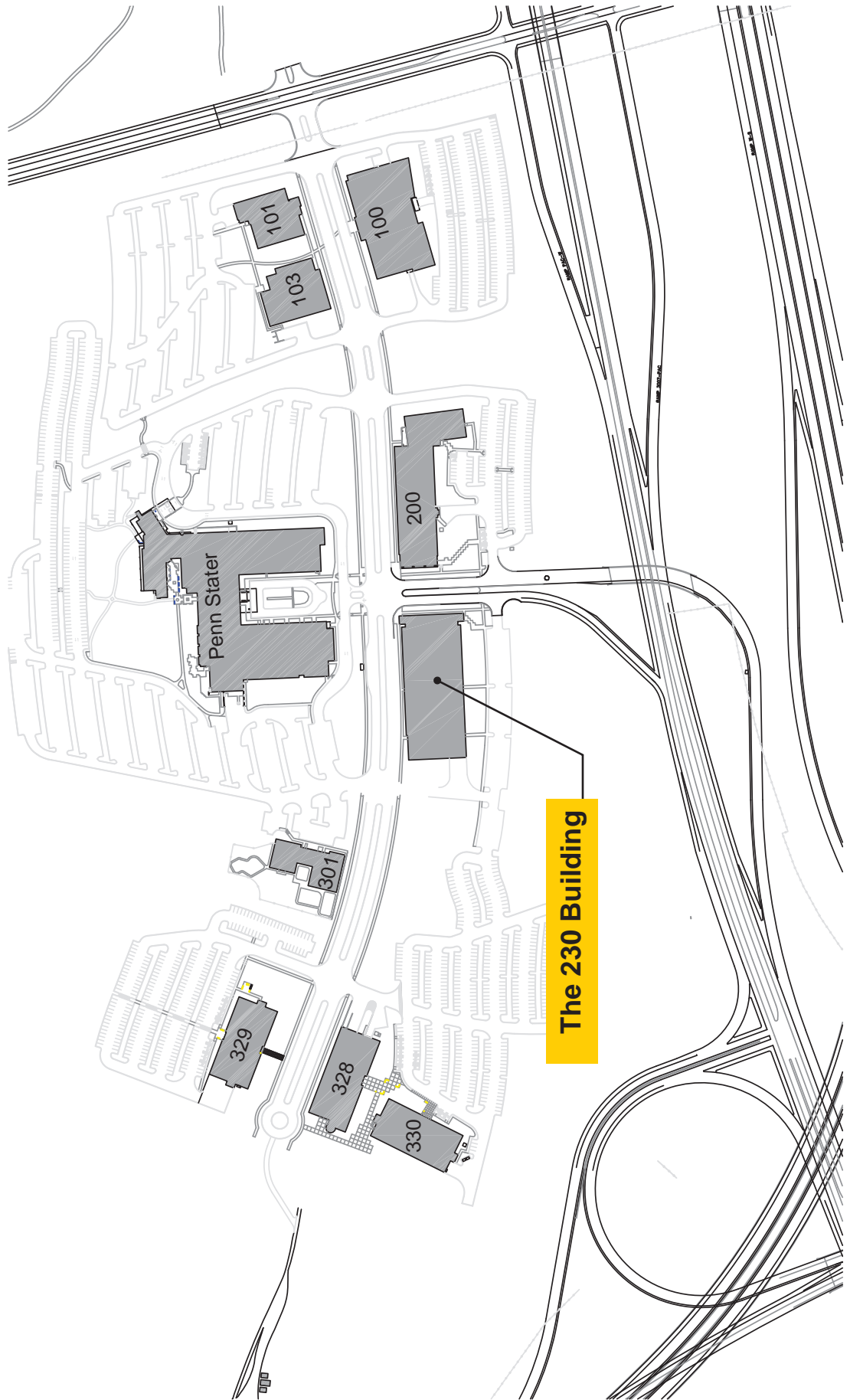
REDLINE SPEED SHINE:

Information Technology Services	\$	16.00
Agricultural Sciences	\$	14.00
Information Technology Services	\$	14.00
Agricultural Sciences	\$	12.00
Information Technology Services	\$	12.00
Information Technology Services	\$	12.00
Information Technology Services	\$	12.00
Information Technology Services	\$	12.00
Arts and Architecture	\$	5.00

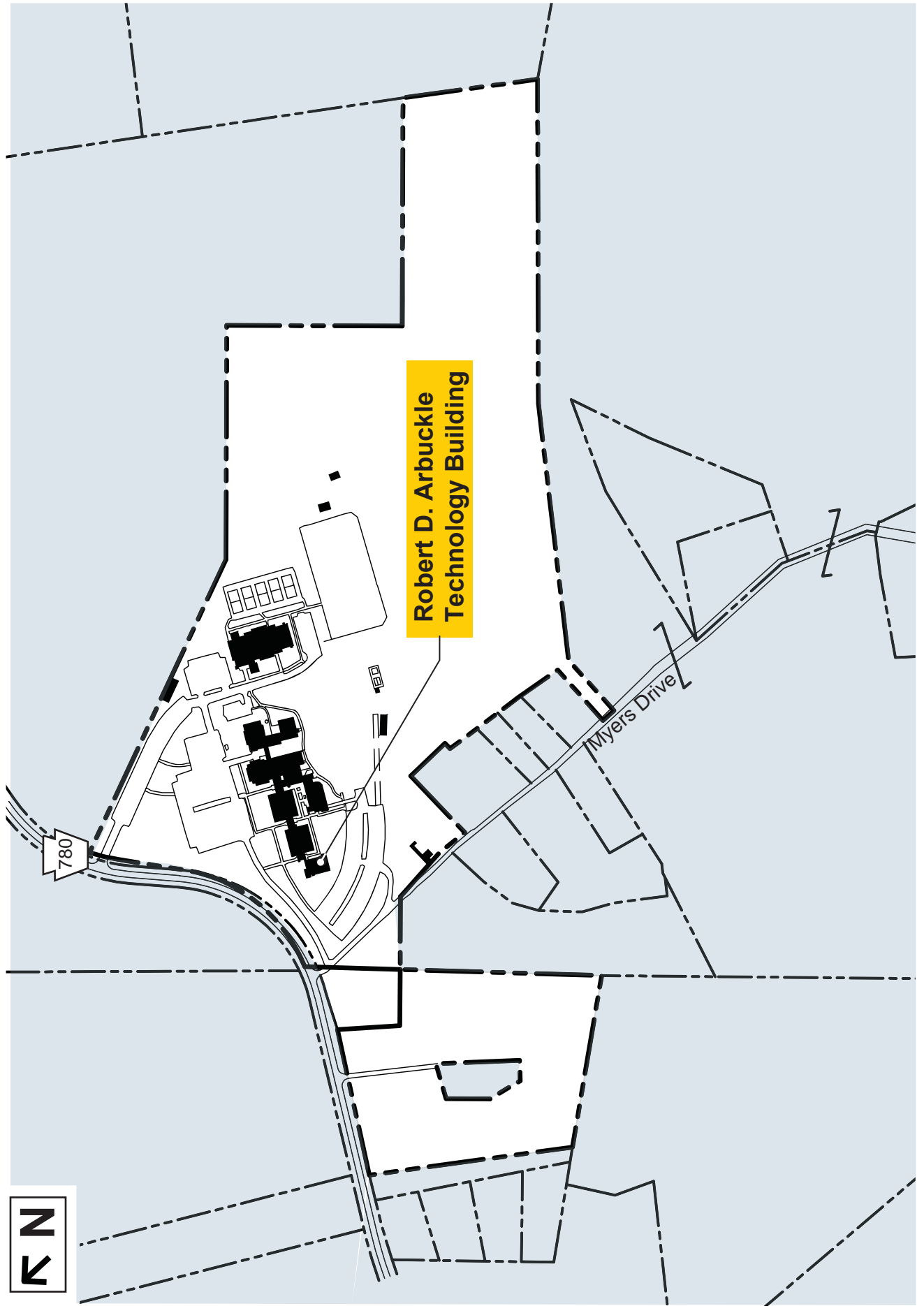
TOTAL REDLINE SPEED SHINE: **\$ 109.00**

GRAND TOTAL: **\$ 37,352.20**

Innovation Park



Penn State New Kensington



2012–2013

BUDGET

PRESENTATION

The Pennsylvania State University

Housing and Food Services

- Housing Capacities
- Academic Year Occupancy Percentages
- Comparison Room and Board Rates
Academic Year 2011–2012

Budget Proposal

- 2012–2013 Budget Planning Factors
- 2012–2013 Expense Increases
- Double Room and Meal Plan 3 Rate
2007–2012
- Proposed Room and Board Rates
2012–2013

Housing Capacities for Fall 2012

	Undergraduate Halls	Single Student Apts.	Subtotal	University Apts.	Total
University Park	13,297	300	13,597	124	13,721
Altoona	900		900		900
Beaver	208		208		208
Berks	804		804		804
Erie	1,354	288	1,642		1,642
Greater Allegheny	209		209		209
Harrisburg		427	427		427
Hazleton	456		456		456
Mont Alto	438		438		438
TOTAL	17,666	1,015	18,681	124	18,805

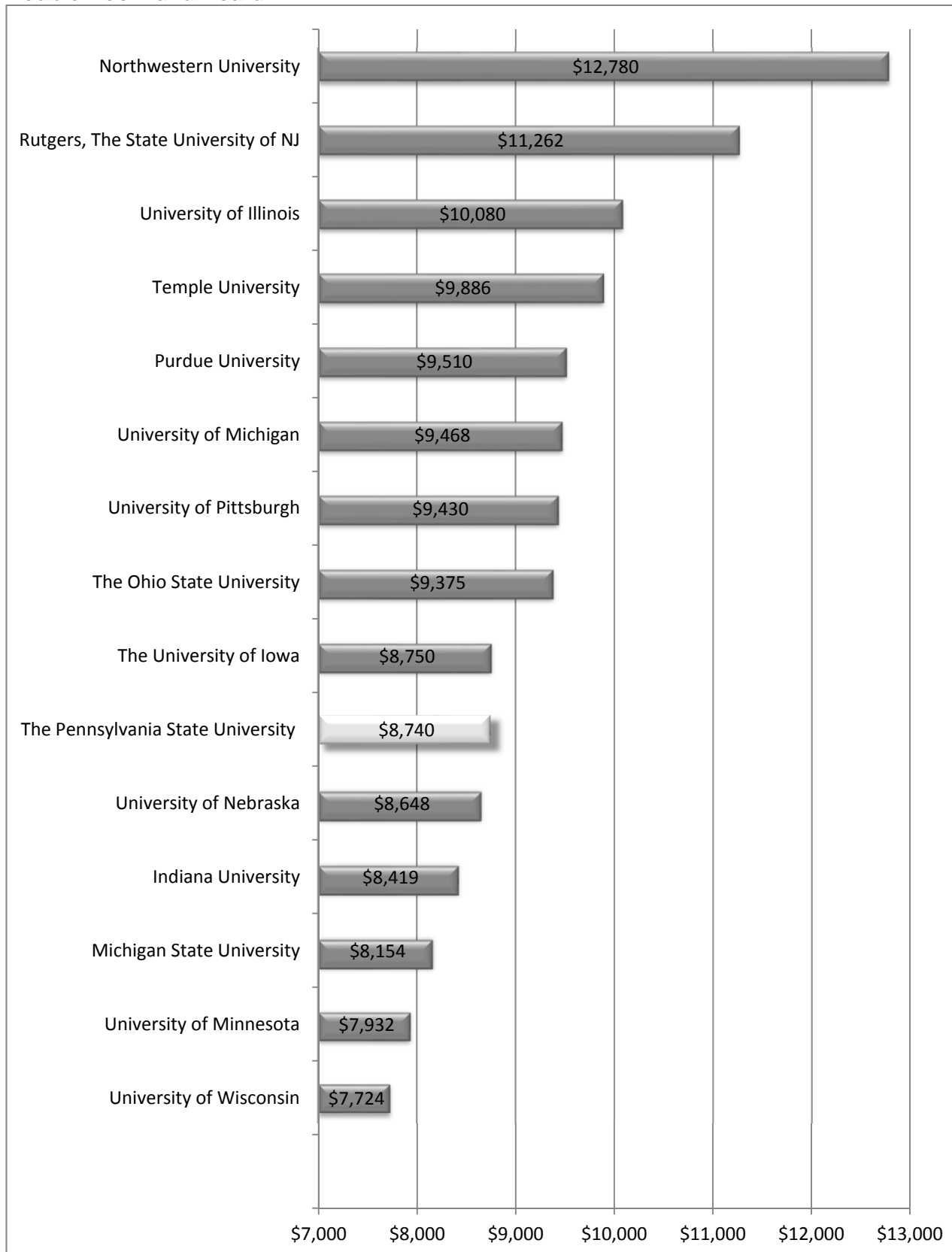
Academic Year Occupancy Percentages

	07-08	08-09	09-10	10-11	11-12 <i>est.</i>
University Park					
Single Student Housing	101.2	102.7	103.3	103.0	102.0
Apartments	96.5	96.8	97.4	95.2	96.0
Altoona	99.6	97.8	98.8	98.7	99.0
Beaver	95.1	93.9	80.8	82.0	85.0
Berks	98.3	98.9	99.6	99.2	99.0
Erie	101.5	101.9	100.3	99.7	100.0
Greater Allegheny	92.4	96.2	95.1	93.7	92.0
Harrisburg	99.0	99.3	99.2	98.9	99.0
Hazleton	102.0	102.5	101.8	100.5	100.0
Mont Alto	99.6	98.2	95.3	95.0	93.0

Comparison Room and Board Rates

Academic Year 2011-2012

Double Room and Board



Budget Planning Factors for 2012-2013

Housing and Food Services is a self-supporting Auxiliary Enterprise. As such, monies paid by students and guests for food and lodging are the only funds available to pay all operating expenses, building loans, and interest payments as well as costs for major maintenance and facility renewal. State funds are not used for construction, maintenance of facilities, or the operations of the housing and dining program.

The 2012-2013 room and board rate proposal takes into account changes in annual operating expenses as well as the costs associated with the overall maintenance and upkeep of the facilities. As noted in previous rate increase requests, the need to address the deferred maintenance of our aging buildings and the modernization of facilities remains a high priority for the program.

We are pleased to report that recently completed renovation projects include the conversion of Simmons dining commons to residential space, and the refurbishing of Pollock dining commons. Both of these projects were paid from Housing and Food Services reserves without the need to incur debt. In addition to these highly visible accomplishments, significant upgrades to lighting, wiring, and elevator maintenance continue to be a high priority as we seek to improve energy efficiency and safety.

Projects for 2012-2013 include the renovation of the Port Sky Café at Altoona, phase I of security camera installation in the residence halls, and additional wireless coverage throughout the residential program.

EXPENSES

Food Costs

Food costs for 2012-2013 are expected to increase by 4.50 percent.

Salaries and Wages

Monies are included for anticipated inflationary increases for staff and technical service employees. Benefit expense reflects a 16 percent increase in employer costs for health care and retirement.

Utilities and Other Operating Expenses

Utility rates are expected to rise by 3.14 percent in the aggregate. Increases are planned for maintenance (4 percent), supplies (3.5 percent), and services (3.25 percent).

Residence Life

The Office of Residence Life is requesting that the counseling fee be increased by 5.32 percent, from \$268.00 to \$282.25 per student per semester. This increase will generate an additional \$389,000 to compensate for increases in operating costs, anticipated salary and employee benefit increases, and room and board for resident assistants at all campuses.

OVERHEAD EXPENSES

Housing and Food Services Administration and Support Services

Administration and support services are provided with an allocation of \$2,073,000.

University Overhead

The budget provides \$7,163,000 for university administrative costs. Housing and Food Services pays a percentage of gross revenue to the university for central support, and this rate is expected to increase from 3.75 percent to 4.00 percent for 2012-2013.

PROPERTY EXPENSES

Debt Service

The annual debt service for 2012-2013 will remain at the current level of \$29,492,000.

Facility Renewal and Deferred Maintenance

Each year aging residence halls and dining commons require more funds for major maintenance that includes roof replacements, elevator repairs, heating, plumbing, electrical repairs, and technology upgrades. We are responsible for approximately 6 million square feet of space in housing and dining areas across the commonwealth and about 80 percent of our buildings are more than 35 years old.

The industry standard for facility renewal applied to our situation would suggest as a guideline that we dedicate approximately \$30 million per year for this expense. The need for the Housing and Food Services budget to fund all maintenance, renovations, and new construction requires a sustained annual commitment to property management. This budget provides \$28,985,000 for facility renewal, deferred maintenance, and emergency reserves for the Housing and Food Services facilities and may help to ease the demand for debt financing for these purposes.

INCOME

Meal Plan 3 provides about twelve to thirteen meals per week and most closely approximates the average board plan selected. A student living in a standard double room who selects Meal Plan 3 will pay 4.81 percent more for room and board in 2012-2013. The recommended rate increases for housing, food services and conferences at Penn State University Park and the campuses will generate the required \$8,612,000 in additional income.

2012-2013 Expense Increases

	<u>2011-2012 % of Budget</u>	<u>2012-2013 % of Budget</u>	<u>2011-2012 Budget</u>	<u>2012-2013 Increase</u>	<u>2012-2013 Proposed</u>
Food Costs	14.2%	14.2%	\$25,444,000	\$1,145,000	\$26,589,000
Salary and Wages	16.9%	16.6%	30,344,000	717,000	31,061,000
Benefits	7.2%	7.9%	12,810,000	2,101,000	14,911,000
Utilities	10.2%	10.2%	18,293,000	575,000	18,868,000
Other Operating Expenses	15.3%	15.1%	27,369,000	1,065,000	28,434,000
HFS Admin. & Support	1.1%	1.1%	2,013,000	60,000	2,073,000
University Overhead	3.5%	3.8%	6,227,000	936,000	7,163,000
Property	31.6%	31.1%	56,573,000	2,013,000	58,586,000
TOTAL EXPENSE	100.0%	100.0%	\$179,073,000	\$8,612,000	\$187,685,000

Double Room and Meal Plan 3 Rate

Year	Semester Rate	Semester Increase	Percent Increase
2007	\$3,590	\$165	4.82%
2008	\$3,835	\$245	6.82%
2009	\$4,085	\$250	6.52%
2010	\$4,185	\$100	2.45%
2011	\$4,370	\$185	4.42%
2012	\$4,580	\$210	4.81%

MONTHLY RENTAL RATE COMPARISON
UNIVERSITY MANOR vs. PRIVATE APARTMENT COMPLEXES

The rental rates that follow are the proposed University Manor rental rates as compared to the current rates for private apartment complexes in the Hershey area. The average private rental rate has been adjusted to include utility expenses where none previously existed in the rental rate. This then provides an “apples-to-apples” rate comparison.

The average difference between the proposed University Manor rates and the current private apartment rates are:

DIFFERENCES BETWEEN UNIVERSITY MANOR AND
PRIVATE APARTMENT RENTAL RATES

	<u>Average Private Rates</u>	<u>University Manor Proposed Rates</u>	<u>Difference</u>
1 Bedroom	\$ 917	\$ 878	(\$ 39)
2 Bedroom	\$1,125	\$1,026	(\$ 99)
3 Bedroom	\$1,334	\$1,146	(\$ 188)

All University Manor Apartments are provided with: air-conditioning, modern kitchen appliances, wall-to-wall carpeting, draperies/mini-blinds, and a fire detection/suppression sprinkler system. All utilities are included in the rent except for Cable TV and long-distance telephone service.

University Manor East (UME):

UME apartments are unfurnished except for washers and dryers and University-provided high-speed Internet service.

University Manor West (UMW):

The thirty-one (31) UMW four-bedroom apartments are completely furnished with a centralized coin-operated laundry facility and University-provided high-speed Internet service.