

PENNSSTATE



Meetings of the Board of Trustees

November 22, 2013

Agenda

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 September 20, 2013?

3. **President's Report**
4. **Public Comment**
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 - James S. Broadhurst, 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) **Recommendation for Approval of Administrative Appointment**

Will the Board of Trustees adopt the following resolution:

RESOLVED, That the Board of Trustees hereby approves President Rodney A. Erickson's appointment of Dr. Amr Salah Elnashai to the position of Dean of the College of Engineering effective January 14, 2014.

- 3) **Informational Report on Enrollment and Student Financial Aid**

The annual informational report on Penn State's admissions, enrollment and financial aid, will be presented by Dr. Robert N. Pangborn, Vice President and Dean for Undergraduate Education.

- 4) **Informational Report on the Penn State Lunar Lion Team**

The Penn State Lunar Lion team is the only university-led team in a world-wide competition to secure a leadership position in the \$250B/year space industry. An informational presentation will be made by Neil A. Sharkey, Interim Vice President for Research, and Michael V. Paul, Director of Space Systems Initiatives at the Applied Research Laboratory, and Team Leader for The Penn State Lunar Lion.

B. Committee on Audit and Risk – Karen Peetz, Chair

C. **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) Building Upgrade for LionPATH, University Park
- b) Artificial Turf Athletic Field, Penn State Berks
- c) Athletic Fields Upgrade, Penn State Worthington Scranton
- d) Temporary Swing Space at Research A, University Park
- e) Naming of Rooms, Portions of Buildings, and Plazas
- f) Purchase of Property along Rock Road, Benner Township
- g) Purchase of Property at 301 Rosedale Avenue, Penn State Harrisburg
- h) Status of Major Construction Programs and Borrowing
- i) Conflict of Interest Disclosure

Action Items –

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

(See Appendix II)

2) **Conflict of Interest – Approval of Lease Renewal with PSRP Developers, Inc. Innovation Park**

Article VIII, Section 8.05 (a) of the *Bylaws* of the University, provides that, "A contract or transaction between the University and a Trustee, family member or an entity in which the Trustee or family member has a beneficial interest of ten percent (10%) or more and the contract is valued at \$10,000 or more must be approved by the Board of Trustees in accordance with this Section." Further, that Section provides that "[t]he 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" and that "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." The interested Trustee shall leave the meeting during discussion and voting. Finally, Section 8.05(a) provides that "[t]he 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."

Trustee Ira Lubert, who joined the Board of Trustees in September 2007, has a beneficial ownership of more than 10 percent of PSRP Developers, Inc. which owns 101 Innovation Boulevard (Lubert Building) and 103 Innovation Boulevard at Innovation Park. At its September 2013 meeting, the Board of Trustees ratified five existing leases with PSRP Developers, Inc.

One of these leases was initiated in May 1, 2004 and, after one five-year renewal, is expiring on April 30, 2014. It is now proposed that the University exercise its option to extend this lease until April 30, 2019 for an additional five years, at which time the University will have the opportunity to renew for an additional five years. The extended lease terms for 12,413 square feet in the 101 Innovation Boulevard (Lubert Building) are \$24.25 per square foot or \$301,015 per year for the current year. The lease amount includes the base rent and common area maintenance fees with the base rent being adjusted annually to reflect changes in the Consumer Price Index.

The College of Communications has a professionally equipped 24/7 news room and production facility, a large film-video shooting space, a digital editing lab, a specialized computer lab and production space, as well as an equipment center located within the leased area and wishes to maintain its use of the space into the foreseeable future. Because of the unique tenant improvements that have been made by the University and the specialized use of the space, as well as the desire of the College of Communications to continue use of this space, a competitive lease analysis was not deemed to be appropriate for this specific lease renewal transaction. The terms of the lease are within a reasonable price range, considering the quality of the space and the amenities provided at Innovation Park. As a result, the Responsible Officer, Dan Sieminski, has determined that the lease renewal described above is in the best interests of the University.

Will the Board of Trustees adopt the following resolution:

RESOLVED, That the proposal to extend the current lease in 101 Innovation Boulevard with PSRP Developers, Inc., totaling 12,413 square feet at a current annual cost of \$301,015, until April 30, 2019 is approved.

3) **Proposed Appointment of an Architect, Housing and Food Services Warehouse and Bakery Expansion**

The Subcommittee on Architect/Engineer Selection will make a report and recommendation on the appointment of an architect for the Housing and Food Services Warehouse and Bakery Expansion at University Park.

4) **Proposed Appointment of an Architect, Ruhl Student Center and Multipurpose Building Addition and Renovations, Penn State York**

The Subcommittee on Architect/Engineer Selection will make a report and recommendation on the appointment of an architect for the Ruhl Student Center Addition and Renovation at Penn State York.

5) **Proposed Appointment of an Architect, Student Enrichment Center, Penn State Harrisburg**

The Subcommittee on Architect/Engineer Selection will make a report and recommendation on the appointment of an architect for the Student Enrichment Center at Penn State Harrisburg.

6) **Proposed Approval for ISIS Replacement System, The Pennsylvania State University**

The University's Integrated Student Information System, known as ISIS, was developed approximately thirty years ago as an administrative computing system for Penn State University student services. Since the late 1990's the University has outgrown the functionality of this system. The current operational limitations of ISIS impair the ability in the offices of Undergraduate Admissions, the Bursar, the Registrar, Student Aid, Undergraduate Education, the Graduate School, University Outreach, the Commonwealth Campuses and elsewhere, to provide needed 24/7 web-based self-service access, to make timely adjustments and to react appropriately to changes in academic and administrative policy and to external mandates. Most of the University's peers have already modernized their student information systems. From 2008-2012, a rigorous assessment of the current state

of the system was completed. A group of core stakeholders conducted an in-depth review of the various options to replace ISIS. After conducting a comprehensive needs assessment, cost/benefit analysis, and benchmarking initiative, the working committee recommended unanimously that a vendor-based student information system would provide the greatest functionality for the University, with the least risk, in the shortest amount of time, and at the lowest cost. The ISIS Replacement Working Group presented its recommendation on May 17, 2012, to move forward with the purchase and implementation of a vendor-based student information system. Since then, a process has been underway to select a software provider and an implementation consultant, to provide a vendor-based student information system to replace ISIS. A status report regarding this process and associated recommendations will be presented.

7) **Proposed Final Plans and Authorization to Award Contracts, Woodland Building Renovations, Penn State Abington**

Woodland Building at Penn State Abington was built in 1972 and is under increasing demand every year due to continuous enrollment growth. The existing laboratories are inadequate and outdated for today's laboratory and science classroom requirements. The University intends to renovate approximately 15,000 gross square feet of laboratory, classroom, office, and restroom space in the 92,000 square foot, four-story building. The renovated laboratories and adjacencies will provide students and faculty with a more effective learning environment. Heating, ventilation, and air conditioning systems will be upgraded, and restroom renovations will improve accessibility. The project also includes new energy-efficient window systems and new flooring. A new roof will be installed over the laboratories.

Will the Board of Trustees adopt the following resolutions:

RESOLVED, That the final plans for Woodland Building Renovations at Penn State Abington, as designed by the firm of Spillman Farmer of Bethlehem, Pennsylvania, are approved.

FURTHER BE IT RESOLVED, That authorization to award contracts to construct the project be approved at a cost of \$7,000,000.

8) **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.

(Hard copies of the Audited Financial Statements will be presented to Trustees at the November 22 meeting.)

9) **Photo Report on Selected Construction Projects**

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

D. Committee on Governance and Long-Range Planning - Keith W. Eckel, Chair**1) Proposed Change in Annual Meeting of the Board**

In accordance with the *Bylaws* of the Board of Trustees, Article II, Section 2.05, one regular meeting is designated as the annual organizational meeting of the Board of Trustees to include the election of officers for the ensuing year as well as any other organizational business. Currently, the annual meeting is held in conjunction with the January meeting of the Board of Trustees. In order to align the timing of the Annual Meeting with changes in the composition of the Board based upon membership election or selection, it is proposed to move the annual meeting to the July meeting of the Board of Trustees.

Will the Board of Trustees adopt the following resolution:

RESOLVED, That the regular July meeting of the Board of Trustees be designated as the annual meeting of the Board in accordance with Article II, Section 2.05 of the *Bylaws*.

2) Proposed Appointment of Governance Consultant

At the November meeting of the Board of Trustees, the report of the Committee on Governance and Long-Range Planning included information on the engagement with an outside consultant to facilitate the consideration and evaluation of several ongoing issues of University governance. These issues have been presented by a variety of stakeholders, both internal and external to the University, and have emerged as Trustees engage in discussions of best governance practice and seek to fulfill the Board's duties of fiduciary responsibilities.

The Committee on Governance and Long-Range Planning will make a report and recommendation on the appointment of a governance consultant.

3) Proposed Revisions to the Charter and Bylaws of the Board of Trustees

It is proposed to amend the *Charter* of The Pennsylvania State University to modify the composition of the executive committee to reflect the additional standing committee chair and to provide for a flexible number of at large members in order to have a total of 13 members.

It is proposed to amend the *Bylaws* of the University to create a new standing committee on compensation; to make the subcommittee on human resources a subcommittee of the committee on compensation; to modify the composition of the executive committee to reflect the additional standing committee chair and to provide for a flexible number of at large members in order to have a total of 13 members; to clarify which personnel matters are required to be approved by the Board and which matters are required to come to the Board for its information; and to clarify the method of authorization of indemnification pursuant to the discretionary authority granted under the *Bylaws*.

Will the Board of Trustees adopt the following resolutions:

RESOLVED, That the *Charter* of The Pennsylvania State University be amended as set forth in the appendix and presented at the meeting on November 22, 2013.

FURTHER BE IT RESOLVED, That the *Bylaws* of The Pennsylvania State University be amended as set forth in the appendix and presented at the meeting on November 22, 2013.

(See Appendix III)

E. **Committee on Legal and Compliance** - Ira M. Lubert, Chair

F. **Committee on Outreach, Development and Community Relations** - Joel N. Myers, Chair

6. **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 2014 meeting?

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

1. Information on Undergraduate Programs

A. College of Education

1) Teaching and Learning Online: New Minor

This minor will allow our graduates to be knowledgeable about online teaching and learning if they are asked to provide this kind of instruction as part of their teaching responsibilities. It will also help them to be competitive in the marketplace for online instructors at the K-12 level. The new minor will become effective Spring 2014.

B. College of the Liberal Arts

1) Bachelor of Arts in Anthropology/Bachelor of Arts in Classics and Ancient Mediterranean Studies and Master of Arts in Anthropology: New Integrated Undergraduate/Graduate Program

This program is designed to provide opportunities for academically strong students to complete a double major bachelor's degree and a master's degree in the course of five years of study. The IUG program enables students to pursue either a professional track or an academic track in archaeology. The professional track enables students to obtain a master's degree for professional careers where the MA is the professional working degree. The academic track provides a stronger and broader educational base for students and will enhance the likelihood of success for those seeking to move on to doctoral study in highly ranked graduate programs. The new IUG will become effective Summer 2014.

2) Bachelor of Science in Archaeological Science/Bachelor of Arts in Classics and Ancient Mediterranean Studies and Master of Arts in Anthropology: New Integrated Undergraduate/Graduate Program

This program is designed to provide opportunities for academically strong students to complete a double major bachelor's degree and a master's degree in the course of five years of study. The IUG program enables students to pursue either a professional track or an academic track in archaeology. The professional track enables students to obtain a master's degree for professional careers where the MA is the professional working degree. The academic track provides a stronger and broader educational base for students and will enhance the likelihood of success for those seeking to move on to doctoral study in highly ranked graduate programs. The new IUG will become effective Summer 2014.

C. Penn State Erie, The Behrend College

1) Bachelor of Science in Mathematics: Drop the Mathematics Education Pre-Certification Option and rename Graduate Study Option to Pure Mathematics Option

The Education Pre-Certification option was based on an obsolete agreement with Mercyhurst College. The name change of the Graduate Study option to the Pure Mathematics option is an effort to clarify for students the facts that this option emphasizes pure mathematics (as opposed to applied mathematics) and that students in any of the options are well prepared for graduate study. The change in options will become effective Fall 2015.

2) Political Science Minor to Politics and Government Minor: Change in Name

The name change is part of the initiative to address minors with the same name, but different curricular requirements. The name change will become effective Spring 2014.

3) International Studies Minor to Transnational Perspectives Minor: Change in Name

The name change is part of the initiative to address minors with the same name, but different curricular requirements. The name change will become effective Spring 2014.

4) Psychology Minor to Psychological Science Minor: Change in Name

The name change is part of the initiative to address minors with the same name, but different curricular requirements. The name change will become effective Spring 2014.

5) Economics Minor to Applied Economics Minor: Change in Name

The name change is part of the initiative to address minors with the same name, but different curricular requirements. The name change will become effective Spring 2014.

D. Penn State Harrisburg1) International Business Minor to International Business Administration Minor: Change in Name

The name change is part of the initiative to address minors with the same name, but different curricular requirements. The name change will become effective Summer 2014.

2) Bachelor of Arts in American Studies and Master of Arts in American Studies: New Integrated Undergraduate/Graduate Program

This program allows academically superior baccalaureate students enrolled in the American Studies major to obtain both the BA and the MA degrees in American Studies within five years of study. By encouraging greater depth and focus in the course of study beginning in the third undergraduate year, this program will help the student more clearly define his/her area of interest and expertise in the broad field of American Studies. As a result, long-range academic planning for exceptional students pursuing doctoral degrees or other professional goals after leaving Penn State will be greatly enhanced. The new IUG will become effective Summer 2014.

2. Information on Graduate ProgramsA. Master of Professional Studies (M.P.S.) in Organizational Development and Change in the College of Education: New Graduate Program

An online Master of Professional Studies in Organization Development and Change (MPS-OD&C) offered by the College of Education would complement other online degrees offered by Penn State delivered through the World Campus and these degrees would likely benefit from synergistic marketing approaches targeted at enrolling new adult students. There are a few online programs in organization and change development that offer programs that are similar in content, format, or structure to the proposed MPS-OD&C. The MPS-OD&C is designed to attract a high quality student body of working professional adult learners from a wide national and international audience.

B. Master of Arts (M.A.) in Anthropology with the double major Bachelor of Arts (B.A.) in Classics and Ancient Mediterranean Studies (CAMS) and Bachelor of Arts in Anthropology in the College of the Liberal Arts: New Undergraduate-Graduate Integrated Program

Master of Arts (M.A.) in Anthropology with the double major Bachelor of Arts (B.A.) in Classics and Ancient Mediterranean Studies (CAMS) and Bachelor of Science in Archaeological Science in the College of the Liberal Arts: New Undergraduate-Graduate Integrated Program

The proposed IUG programs provide an opportunity for academically strong archaeology students to complete two bachelor's and a master's degree in the course of five years of study. The IUG programs are flexible and enable students to combine two of the three BA/BS options into either a professional track or an academic track in archaeology. The professional track enables students to obtain a master's degree for professional careers in both cultural resource management and heritage management where MA is the terminal degree. The academic track provides a stronger and broader educational base for students and will enhance the likelihood of success for those seeking to move on to doctoral study in highly ranked graduate programs. The flexibility of the proposed IUGs are one of its greatest assets as they allow students to identify their professional interests early in their academic careers and work with faculty to meet their professional and academic goals.

C. Clinical and Translational Sciences in the College of Medicine: New Dual-Title Intercollegiate Graduate Degree Program

The objective of this program is to expand the University's role in training life, biomedical, and behavioral scientists who translate fundamental (e.g., 'bench top') research findings to improve clinical practice and human health. This is an operational response to the National Institutes of Health (NIH) effort to establish a network of federally sponsored centers funded through Clinical and Translational Science awards. Penn State is among the most recent group of institutions to have received this award, completing the consortium of 60 institutions. Since translation encompasses a set of knowledge, skills, and competencies that complements many existing disciplines, it is our contention that a dual-title graduate degree is an optimal mechanism to accelerate and focus training.

D. Master of Professional Studies (M.P.S.) in the Graduate Program in Information Sciences and the option in Information Assurance and Decision Support to "Cybersecurity and Information Assurance" in the College of Information Sciences and Technology: Change in Degree Requirement and Name Change

The new option title better reflects the academic curriculum that is being taught by our faculty in this option. It also allows the College of IST to more effectively leverage our role as a National Security Agency (NSA) certified Center of Academic Excellence in Cyber Security and Information Assurance.

E. Master of Science (M.S.) and Doctor of Philosophy (Ph.D.) in BioRenewable Systems in the College of Agricultural Sciences: New Graduate Program

The overall goal is to establish a world renowned research-oriented graduate program in renewable biologically-based materials, products, and processes that fully integrates scientific research with the principles of systems technology, business, management, marketing, leadership development, and entrepreneurship.

F. Master of Arts (M.A.) in American Studies with a Bachelor of Arts (B.A.) in American Studies at Penn State Harrisburg: New Integrated Undergraduate –Graduate Degree Program

The IUG is appealing for advanced students oriented toward museum and heritage work who can build a combined plan of study combining coursework at the undergraduate and graduate levels in this area. The curriculum and faculty at Penn State Harrisburg have a concentration in this area and draw students who have opportunities for internships and experiences with nationally recognized American Studies institutions such as Pennsylvania Historical and Museum Commission, Hershey Story, Gettysburg National Military Park, and Landis Valley Museum.

1. Building Upgrade for LionPATH, University Park

The University intends to renovate the third floor of the recently purchased 300 North Science Park Road Building to accommodate staff and consultants working on the Integrated Student Information System replacement (known as LionPATH), and the upcoming replacement project for the Human Resource Information System. The renovation project includes building system upgrades, layout configuration changes, new finishes, cubicle fit-outs, and furniture. The University fiber optics network will be expanded and connected to the building. The LionPATH team will move in and begin work January 2014. After completion of the LionPATH project, expected towards the end of 2016, the space will be used to host staff for other enterprise projects. The cost estimate for this project is \$4,000,000.

(See Appendix II.1)

2. Artificial Turf Athletic Field, Penn State Berks

The University intends to upgrade the existing natural turf grass intramural/soccer field at Penn State Berks to an artificial turf field for soccer, rugby, field hockey, and men's and women' lacrosse. An artificial turf field will allow for more intensive use and extension of the playing season.

The improvements will include field lighting, a press box and filming platform, security alarm system with camera-equipped emergency phone and motion-sensor lights, security fence, controlled access points, scoreboard, and provisions for future bleachers. Site utilities will be upgraded. The cost estimate for this project is \$2,400,000.

(See Appendix II.2)

3. Athletic Fields Upgrade, Penn State Worthington Scranton

The University intends to upgrade the existing baseball and soccer fields at Penn State Worthington Scranton to meet NCAA standards. A new softball field will be built to NCAA standards. The project scope includes dugouts, fencing, bleachers, and a new field house with restrooms, concessions, press box, storage and security. A new paved parking lot and access road will be included, and site utilities will be upgraded. The cost estimate for this project is \$2,000,000.

(See Appendix II.3)

4. Temporary Swing Space at Research A, University Park

The University intends to install temporary laboratory facilities in the parking lot west of Research A at University Park to house displaced science laboratory activities during renovations to multiple teaching and research laboratory buildings, as outlined in the University capital plan for 2014-2018. The facilities will be outfitted to support teaching and research needs including fume hoods, chemical storage and disposal, and lab benches. Because of the length of time the temporary structures will be in use, it is financially advantageous for the University to purchase the structures rather than leasing. The facilities will be removed upon completion of the projects, currently estimated to occur in 2021.

Board of Trustee approval for temporary structures is not required by the Bylaws; however, given the scope, cost and duration of these temporary facilities the Administration felt it appropriate to bring this to the Board of Trustees as an information item. The cost estimate for this project is \$6,800,000.

(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. Name the Men's Volunteer Assistant Office, Pegula Ice Arena, in recognition of a commitment by Michael Tarvin. The recognition plaque should read:

Michael E. Tarvin
Volunteer Assistant Office
(Appendix II)

- B. Name Opera Suite #2, Pegula Ice Arena, in recognition of a commitment from Barry and Faith Pennypacker. The Pennypackers previously named the Cardio Room; however, the Cardio Room became an equipment room. The recognition plaque should read:
Adam and Amanda Pennypacker Opera Suite
- C. Revise the text of the recognition plaque for the Broadcast Booth, Pegula Ice Arena, named by Harry and Anna Hain. The revised recognition plaque should read:
*Nittany Media Inc.
Anna and Harry Hain
Broadcast Booth*
- D. Name the Consultant's Office in the Knowledge Commons, Pattee Library, in recognition of a gift from John and Barbara Blackshere Holder. The recognition plaque should read:
The John L. and Barbara Blackshere Holder IT Consultant's Office
- E. Name three Sorinex Training Stations, Bryce Jordan Center, Rec Hall and East Area Locker Room, in recognition of a gift from Jim and Suzy Broadhurst. The recognition plaque placed at each location will read:
*These strength and conditioning stations were made possible by a
generous gift from Jim '65 and Suzy Williams '66 Broadhurst.
The Broadhursts' enduring support of our program will continue to enable
Penn State students to fulfill their personal and athletic potential far into the future.
Penn State Athletics
Summer 2013*
- F. Name the Senior Design Lab (Room 105) in the Hallowell Building in memory of Dr. Nadine Barrie Smith, former faculty member in the department of Bioengineering who passed away in 2010. The recognition plaque should read:
*Senior Design Lab
In memory of
Dr. Nadine Barrie Smith*
- G. Name the Career Information Center, Struthers Family Career Services Center, Penn State Wilkes-Barre, in recognition of a gift from Marie Carkhuff. The recognition plaque will read:
*Career Information Center
Given
In memory of
Marvin Carkhuff*
- H. Name the Reception Area, Struthers Family Career Services Center, Penn State Wilkes-Barre, in recognition of a gift from the Passan Foundation. The recognition plaque will read:
*Reception Area
A gift from
John J. Passan*
- I. Name the Coordinator Office, Struthers Family Career Services Center, Penn State Wilkes-Barre, in recognition of a gift from the Penn State University Chapter of Wyoming Valley. The recognition plaque will read:
*Coordinator Office
A gift from
The Penn State University
Chapter of Wyoming Valley*
- J. Name the Regional Representative Office, Struthers Family Career Services Center, Penn State Wilkes-Barre, in recognition of a gift from The Tambur Family Foundation. The recognition plaque will read:
*Regional Representative Office
A gift from
The Tambur Family Foundation*

- K. Name the Vestibule, Struthers Family Career Services Center, Penn State Wilkes-Barre, in recognition of a gift from the Penn State Wilkes-Barre Alumni Constituent Society. The recognition plaque will read:

*Vestibule
A gift from
The Penn State Wilkes-Barre
Alumni Constituent Society*

- L. Name Faculty Office 257 in Lewis Katz Hall, Carlisle, in recognition of a gift from Donald F. Smith Jr., Esq. The recognition plaque will read:

*Donald F. Smith Jr. '78 and JoAnn Smith
Faculty Office*

- M. Name the concession stand, Field House, Penn State Worthington-Scranton, in recognition of a gift from the Scranton Chapter of UNICO National. The recognition plaque will read:

*Concession Stand
In recognition of The Scranton Chapter of UNICO National*

- N. Name the Women's Softball Field Dugout, Penn State Worthington-Scranton, in recognition of a gift from William III (Bill) and Maryla Scranton. The recognition plaque will read:

*Women's Softball Field Dugout
In recognition of Bill and Maryla Scranton*

6. Purchase of Property along Rock Road, Benner Township

Bylaws, Article V, Section 5.09, entitled "Delegation of Duties", (b) (iv) (3) provides for such purchases to be presented to the Board of Trustees for information. The Board of Trustees is advised of the following property transaction:

In September, 2013, the University purchased an approximate 120 acre undeveloped property adjoining Penn State land along Rock Road, Benner Township, Centre County, from the Betty H. Delafield estate for \$750,000. The purchase provides strategic campus expansion opportunities and eliminates the possibility of adverse ownership.

(See Appendix II.5)

7. Purchase of Property at 301 Rosedale Avenue, Penn State Harrisburg

Bylaws, Article V, Section 5.09, entitled "Delegation of Duties", (b) (iv) (3) provides for such purchases to be presented to the Board of Trustees for information. The Board of Trustees is advised of the following property transaction:

In September, 2013, the University purchased a .41 acre property including a 1 ½ story 1,530 square foot residence adjoining Penn State Harrisburg, located at 301 Rosedale Avenue, Lower Swatara Township, Dauphin County, from the Charles W. Barlick estate for \$112,000. The purchase provides strategic campus expansion opportunities and eliminates the possibility of adverse ownership.

(See Appendix II.6)

8. Status of Major Construction Programs and Borrowing

(See Appendix II.7)

9. Conflict of Interest Disclosure

The *Bylaws* of the University, Section 8.05(b), require that contracts or transactions valued at less than \$10,000 between the University and a Trustee, family member, or an entity in which the Trustee or family member has a beneficial interest of ten (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 transaction were made in the normal course of business and were fair to the University.

Appendix II.8 is a disclosure list of such contracts and transactions between the University and members of the Board of Trustees for the 2012-2013 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.8)

10. **Summary of Revisions to Existing Scholarships, Fellowships, Etc. (For the period August 26, 2013 to October 25, 2013)**

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 be revoked and that the Officers of the University are authorized to put into effect the revised regulations as requested by the donors.

11. **Acknowledgement of Endowments and Other Major Commitments**

The Committee on Finance, Business and Capital Planning is advised that for the period August 26, 2012, through October 25, 2013, 65 new funds totaling approximately \$5,441,695 were accepted by the University, including scholarships, fellowships, etc. All of these items conform to established University policies and regulations.

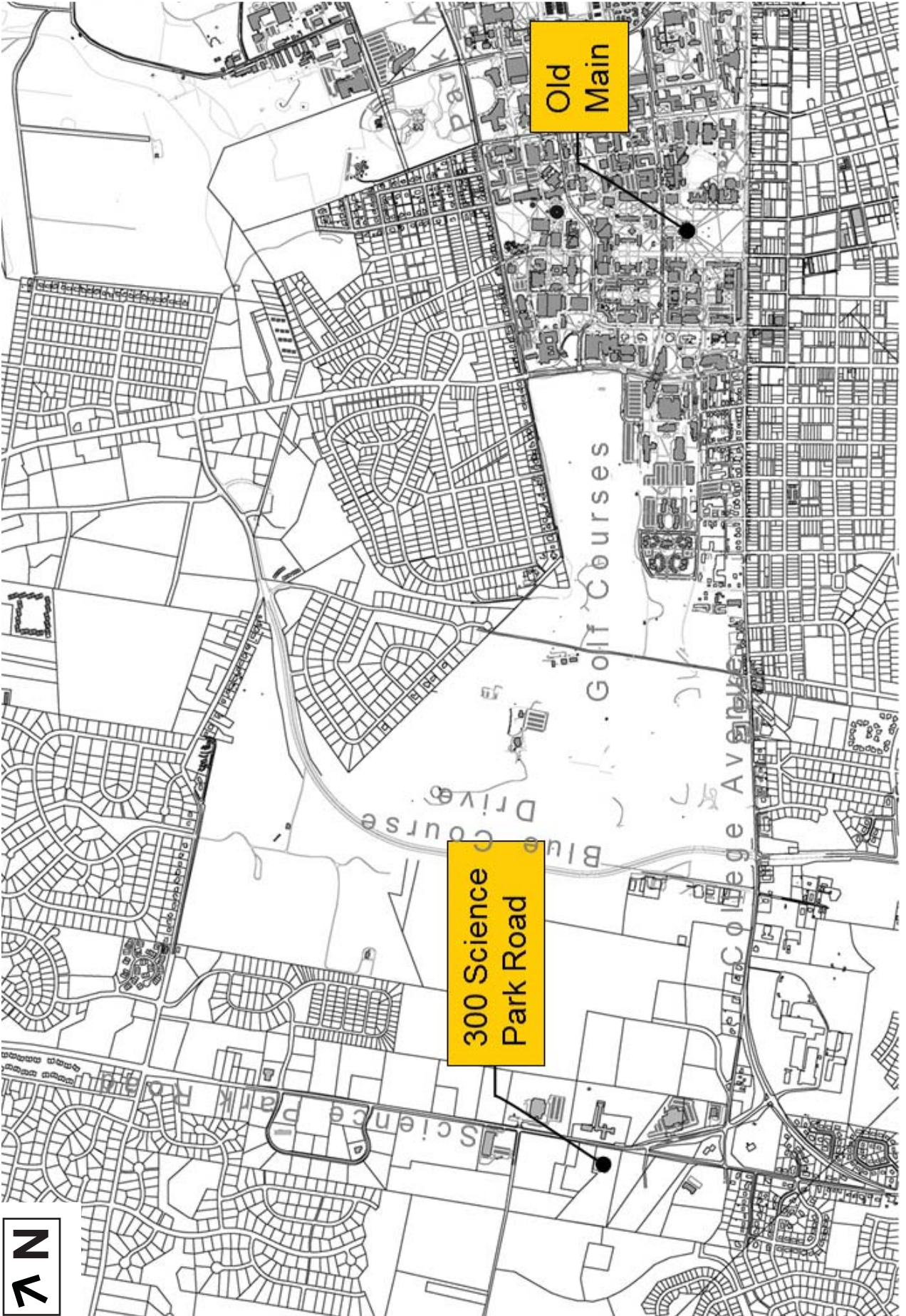
For the period July 1, 2013 through August 31, 2013, 30 major commitments were accepted by the University totaling approximately \$14,622,511.

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

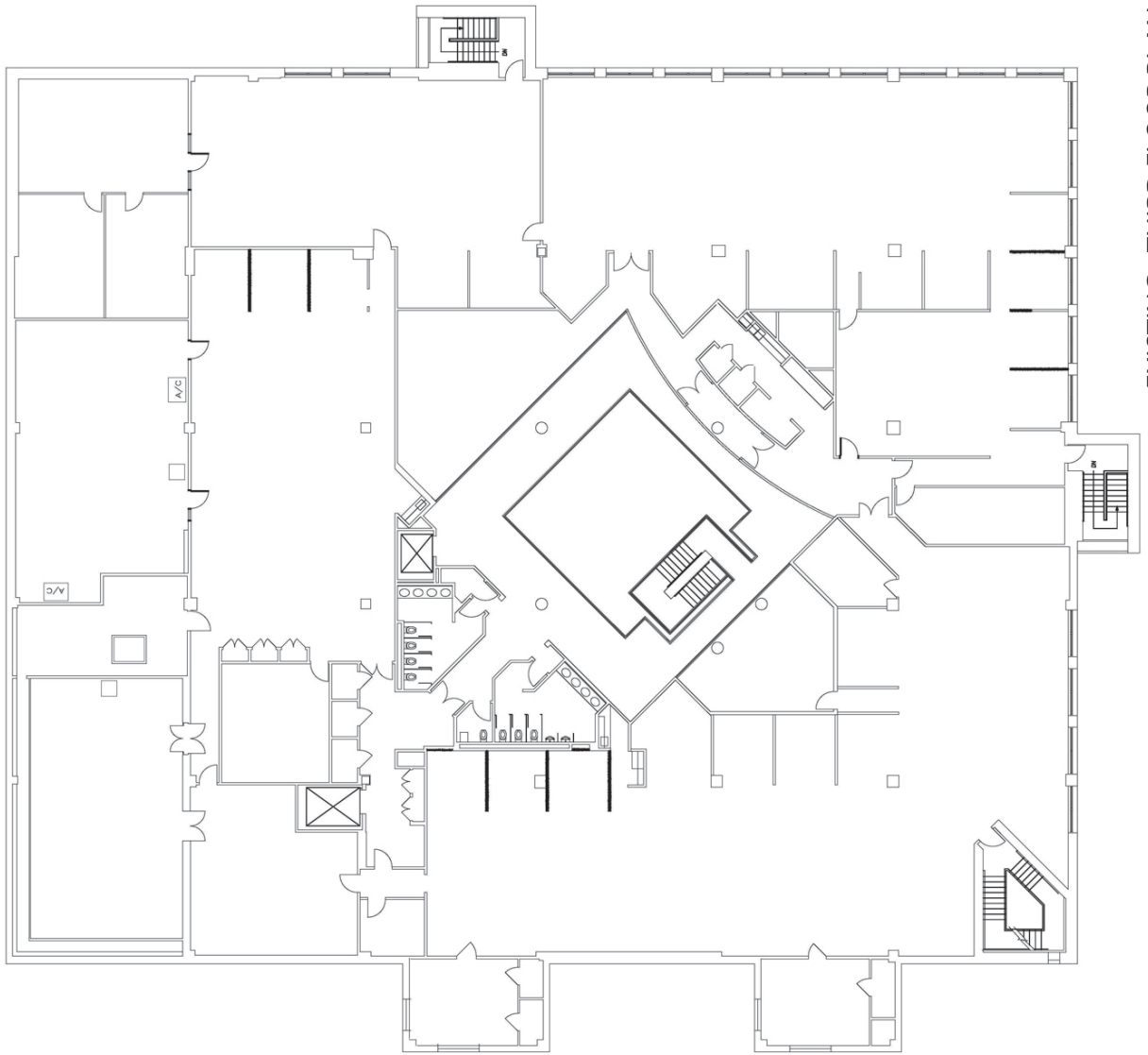
RESOLVED, That the Board of Trustees gratefully acknowledges the generous contributions of the many friends of the University in support of endowments, funds, and other major commitments as reported to the Committee on Finance, Business and Capital Planning at its meeting of November 21, 2013.

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

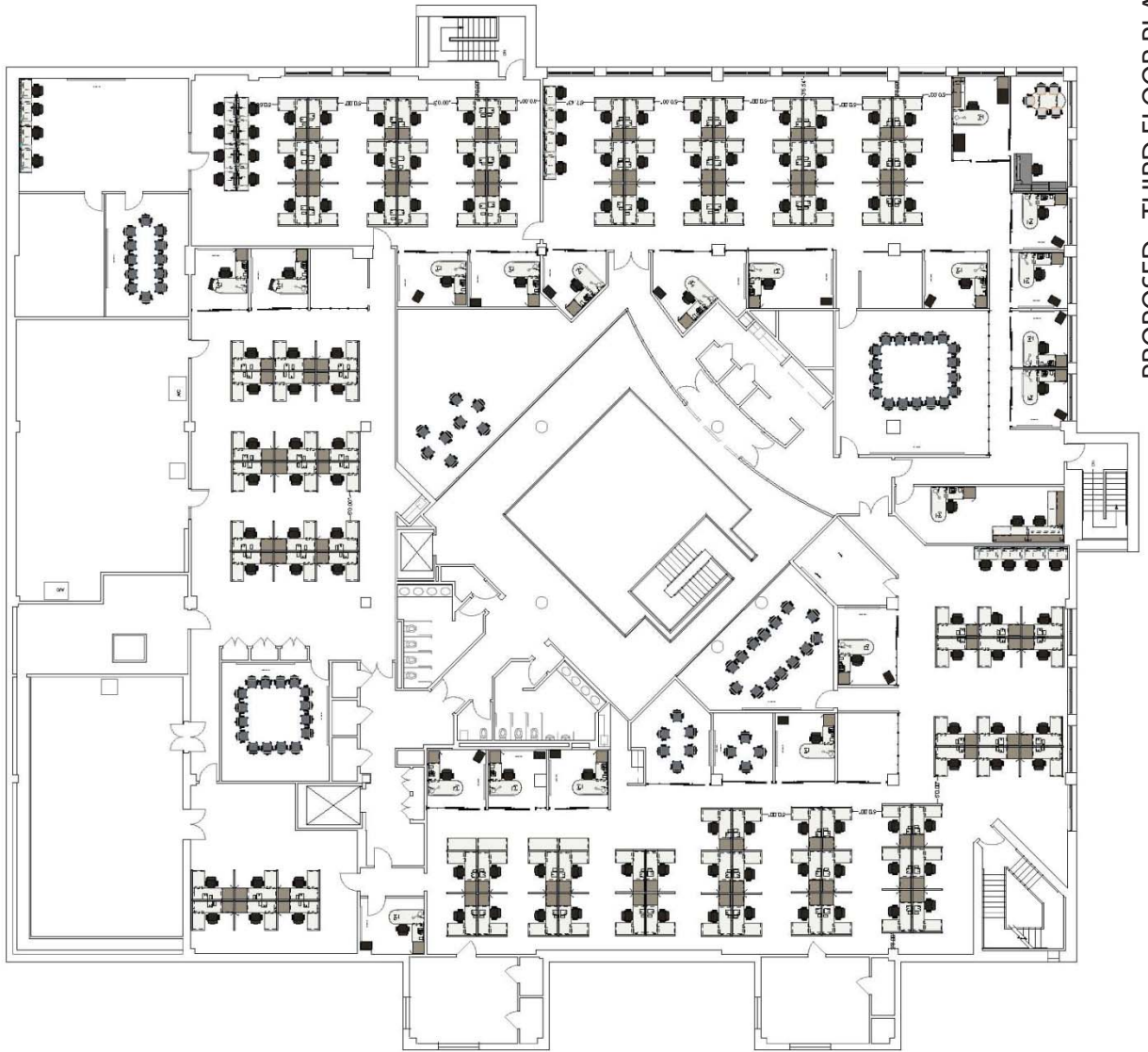


University Park



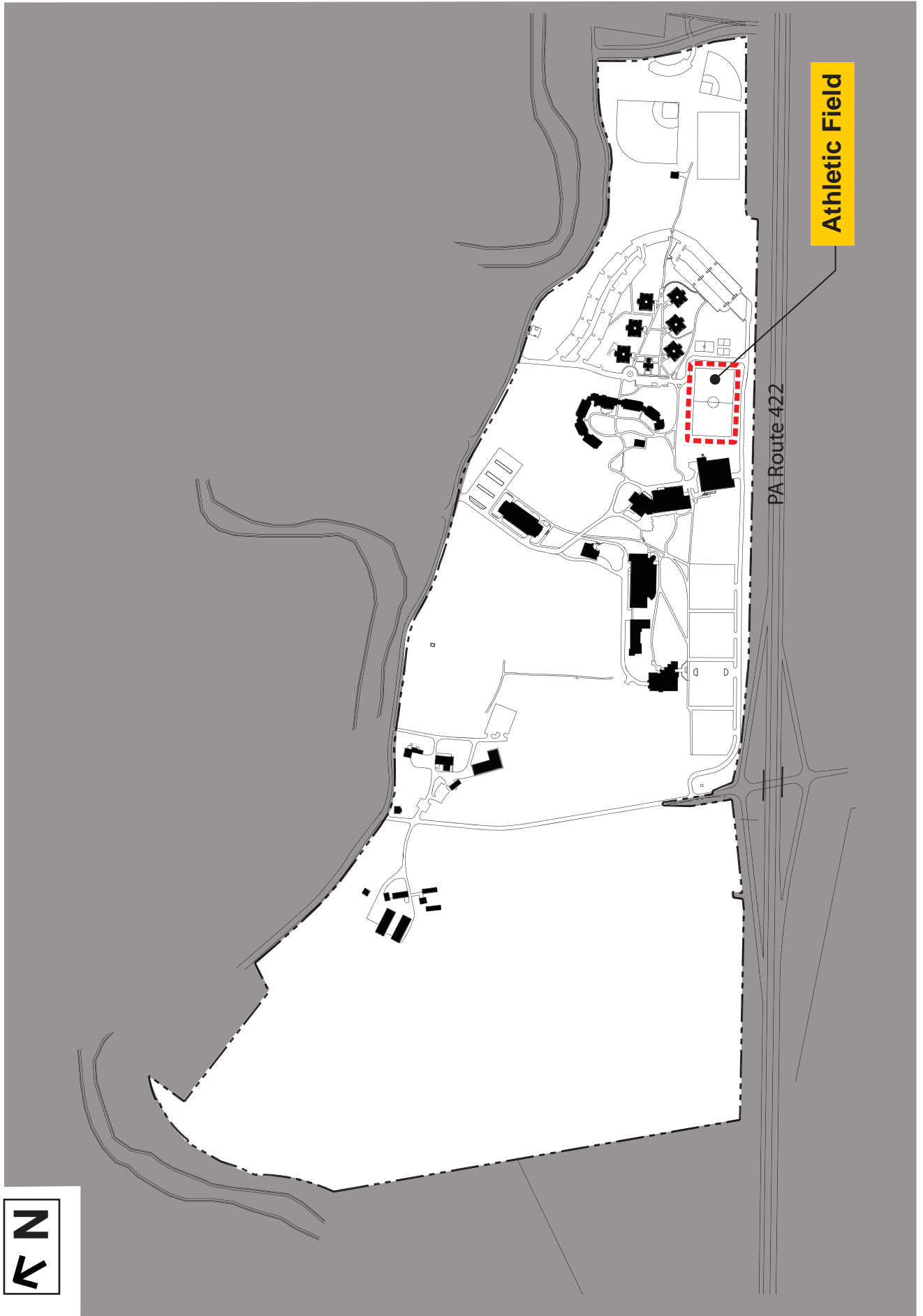
EXISTING - THIRD FLOOR PLAN

University Park

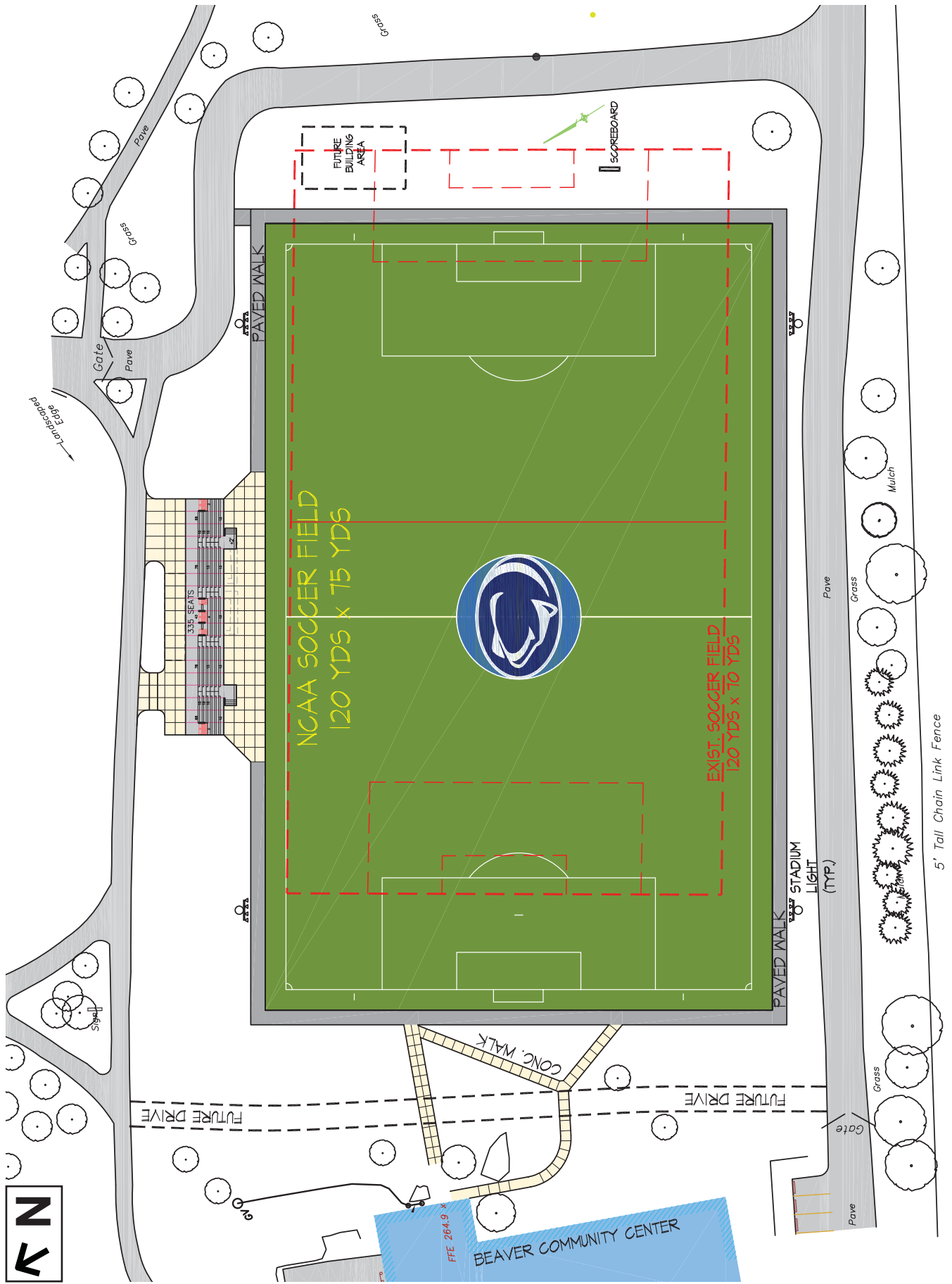


PROPOSED - THIRD FLOOR PLAN

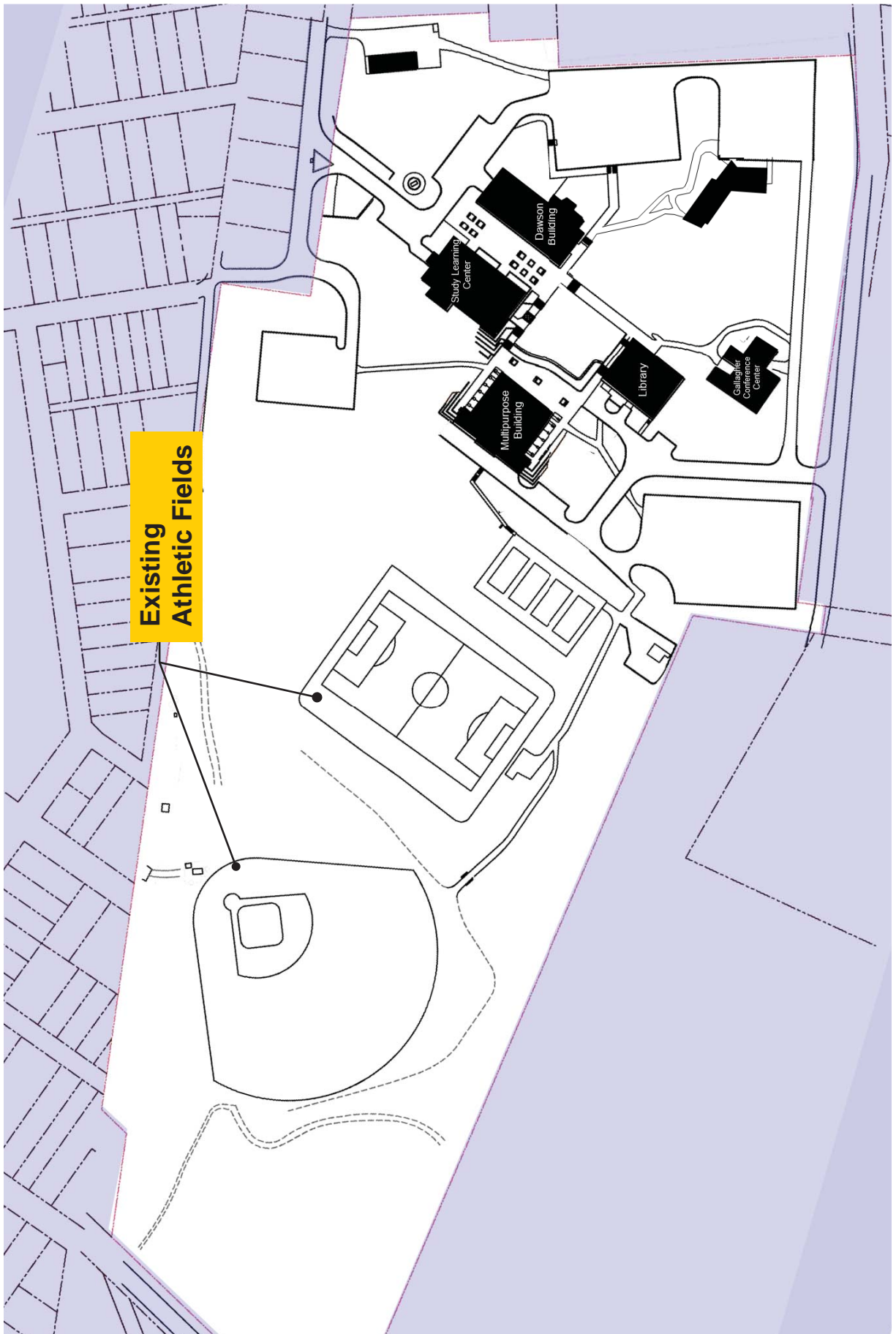
Penn State Berks



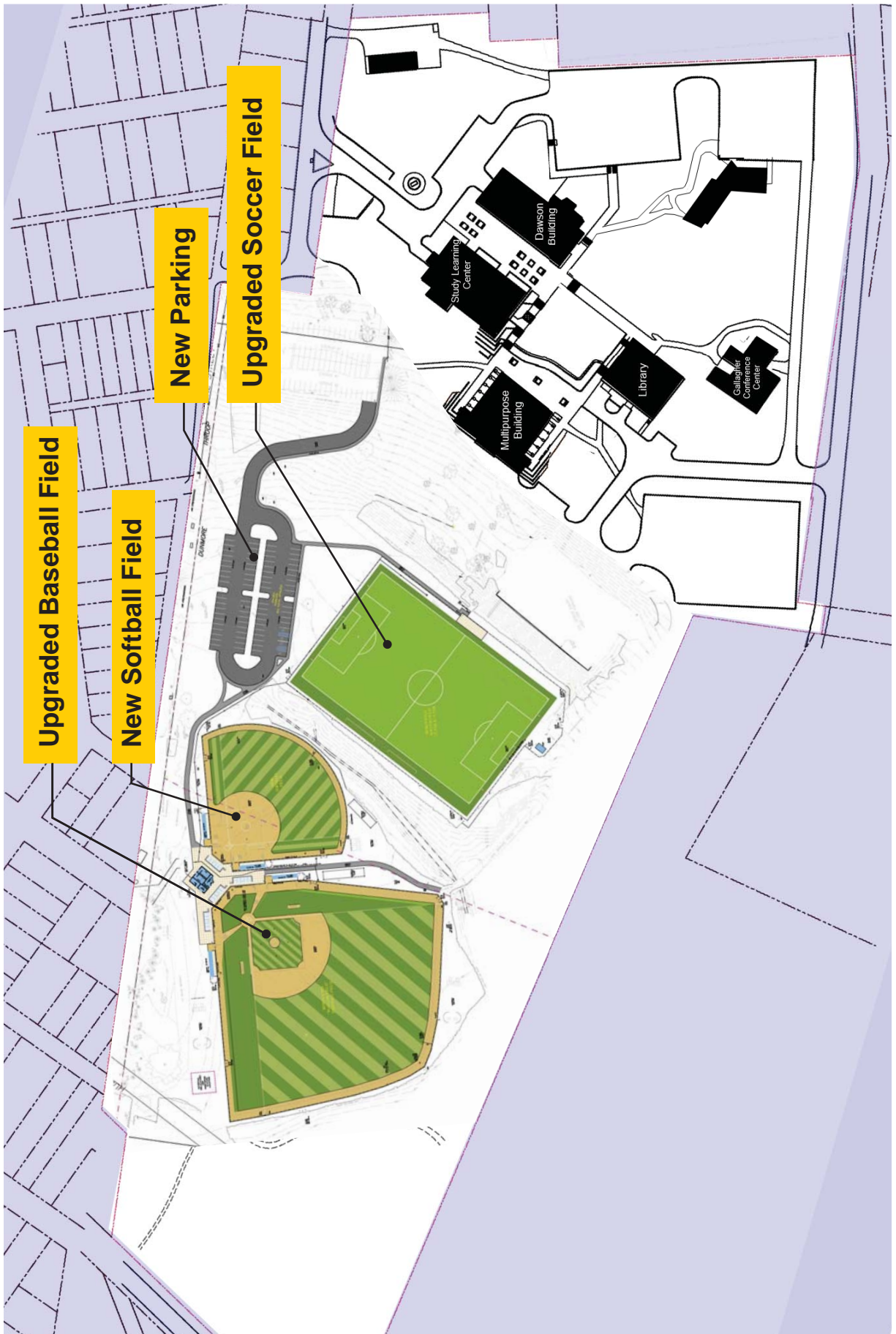
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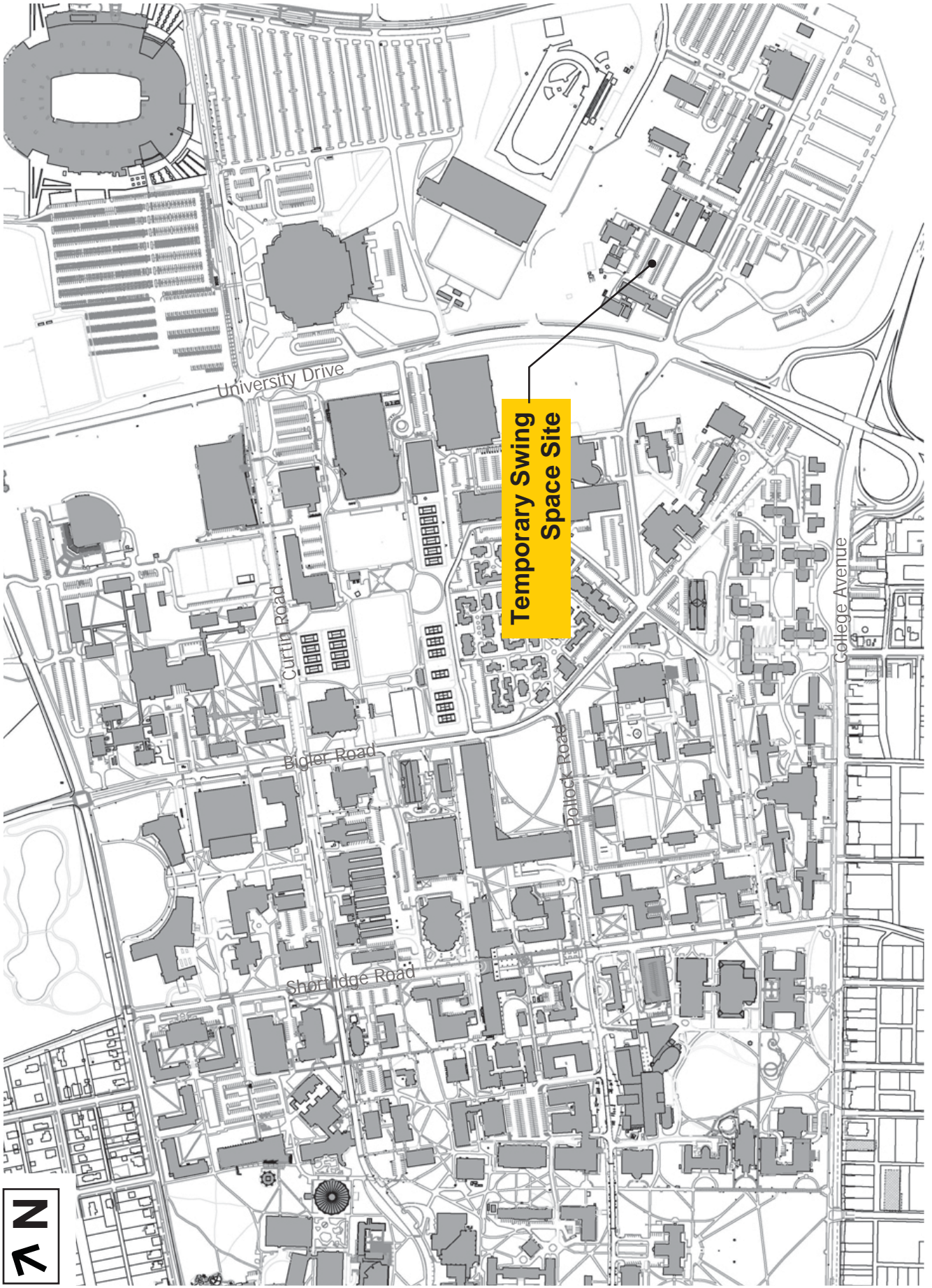
Worthington Scranton



Worthington Scranton



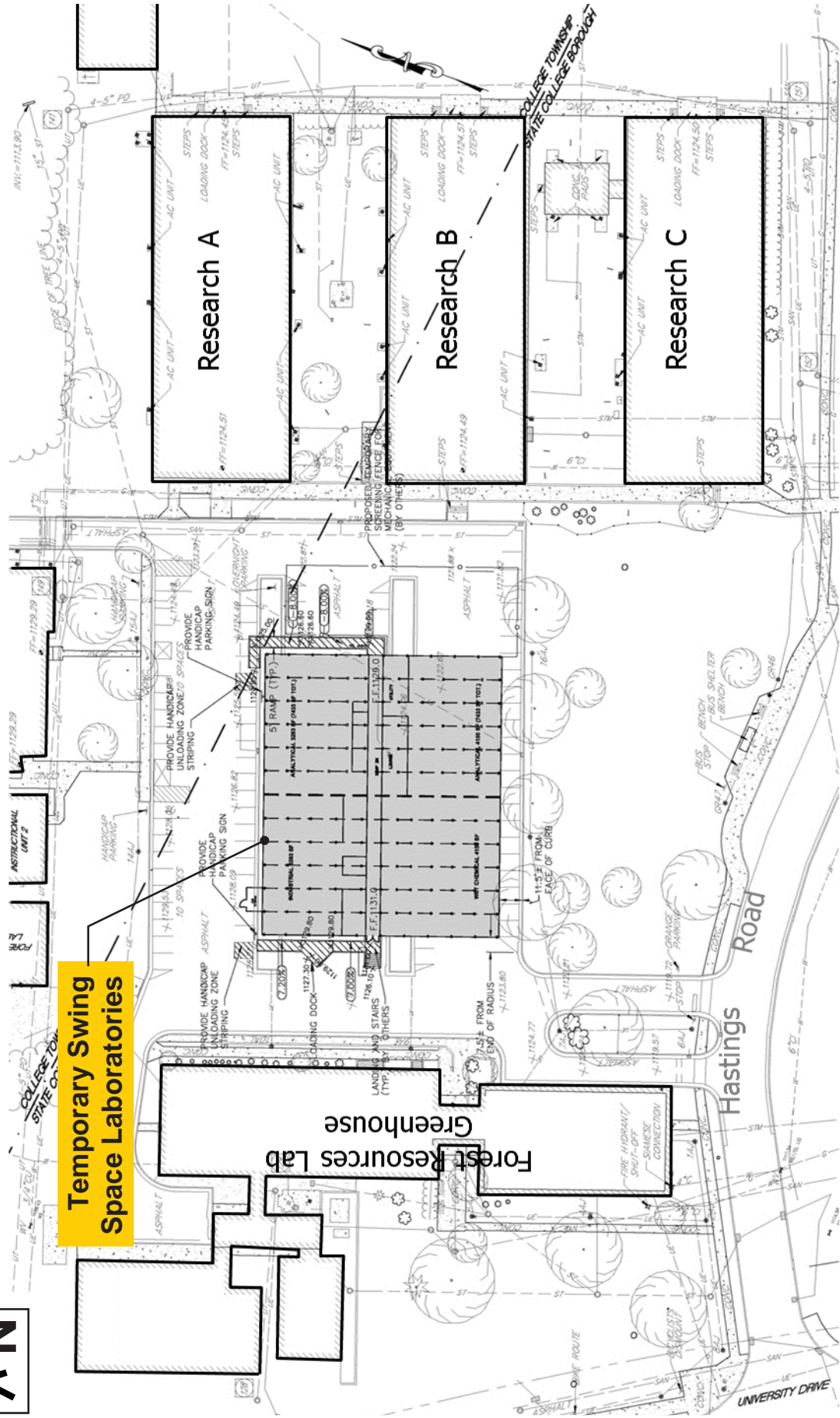
University Park



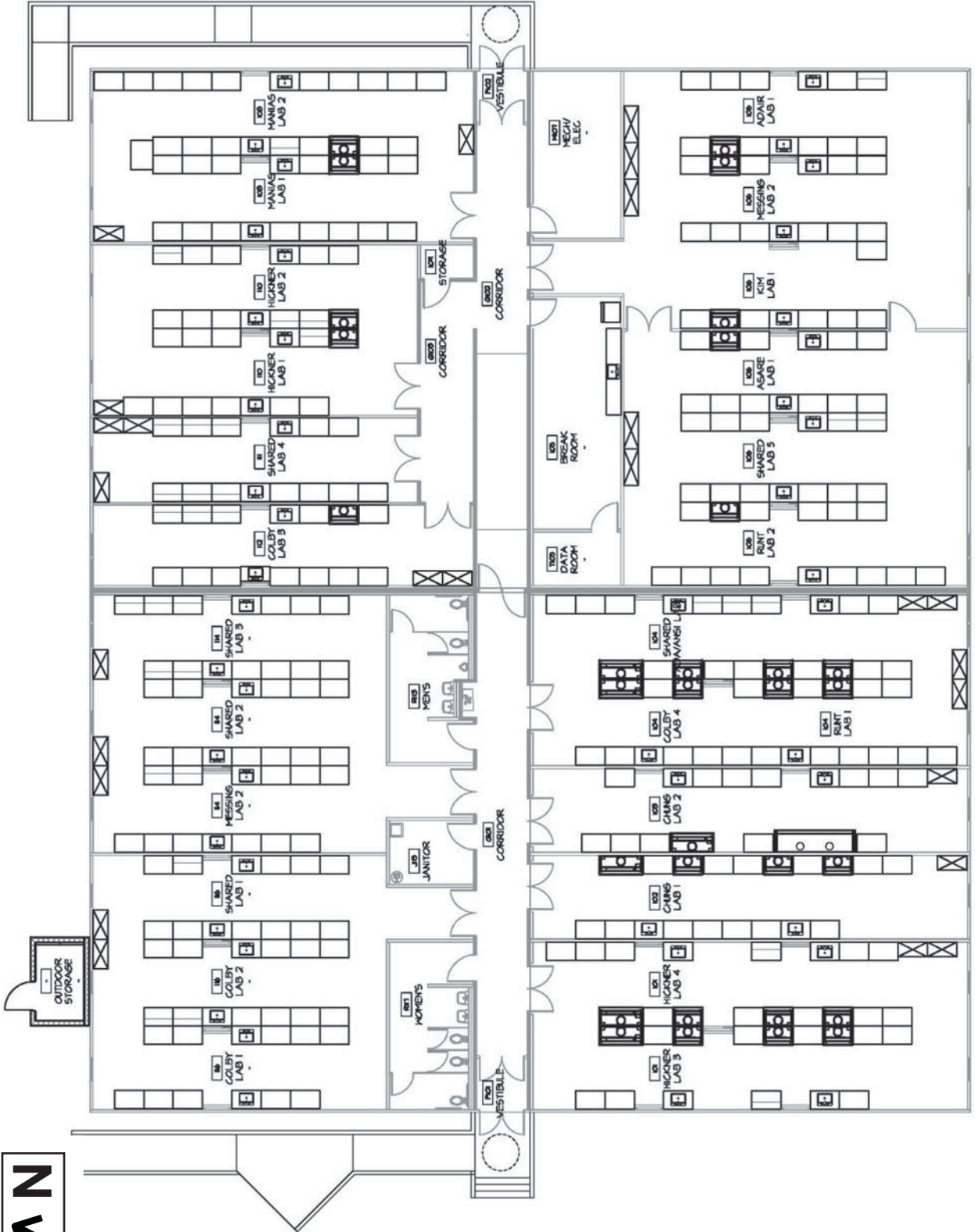
University Park



Temporary Swing
Space Laboratories

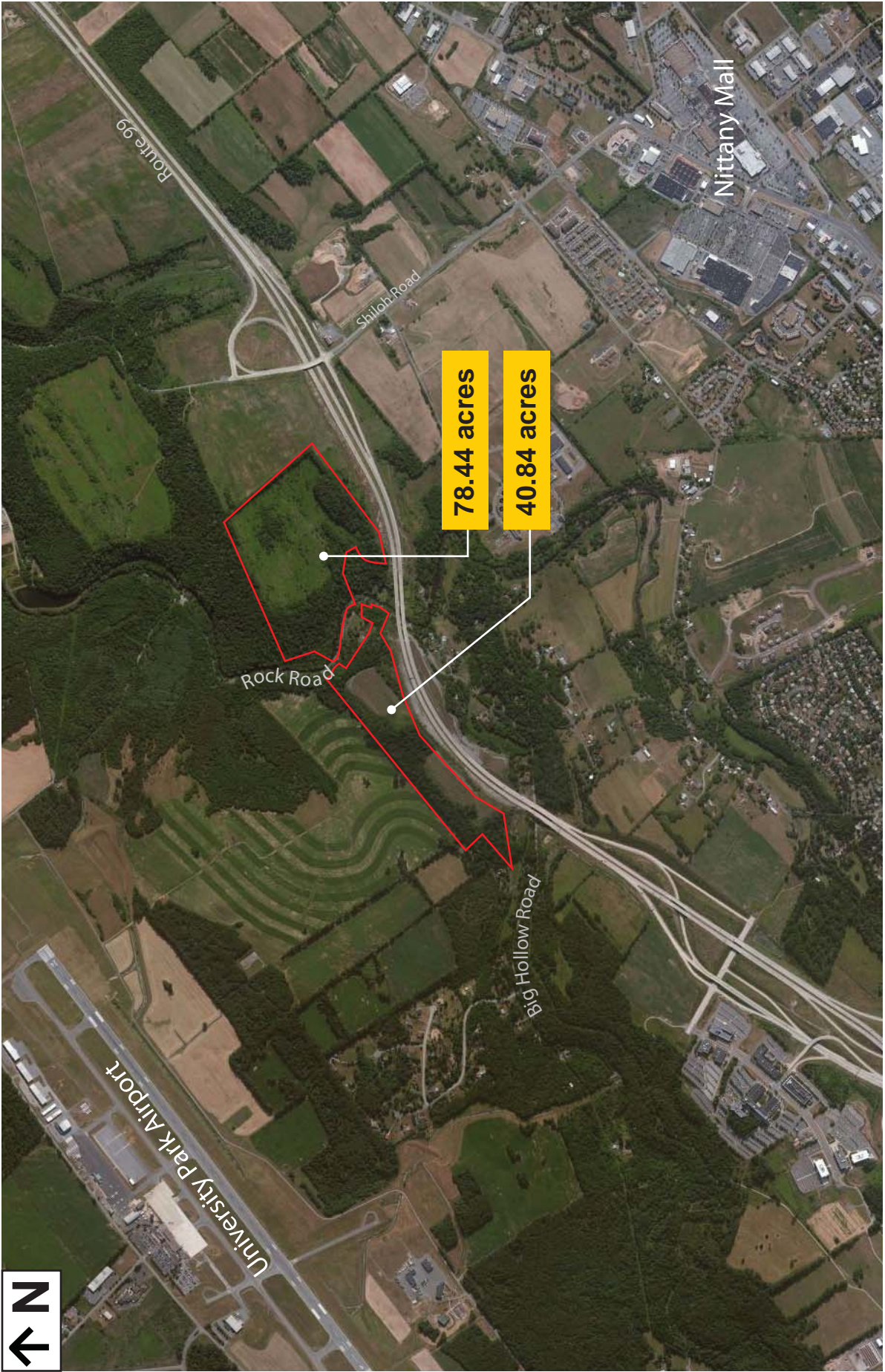


University Park

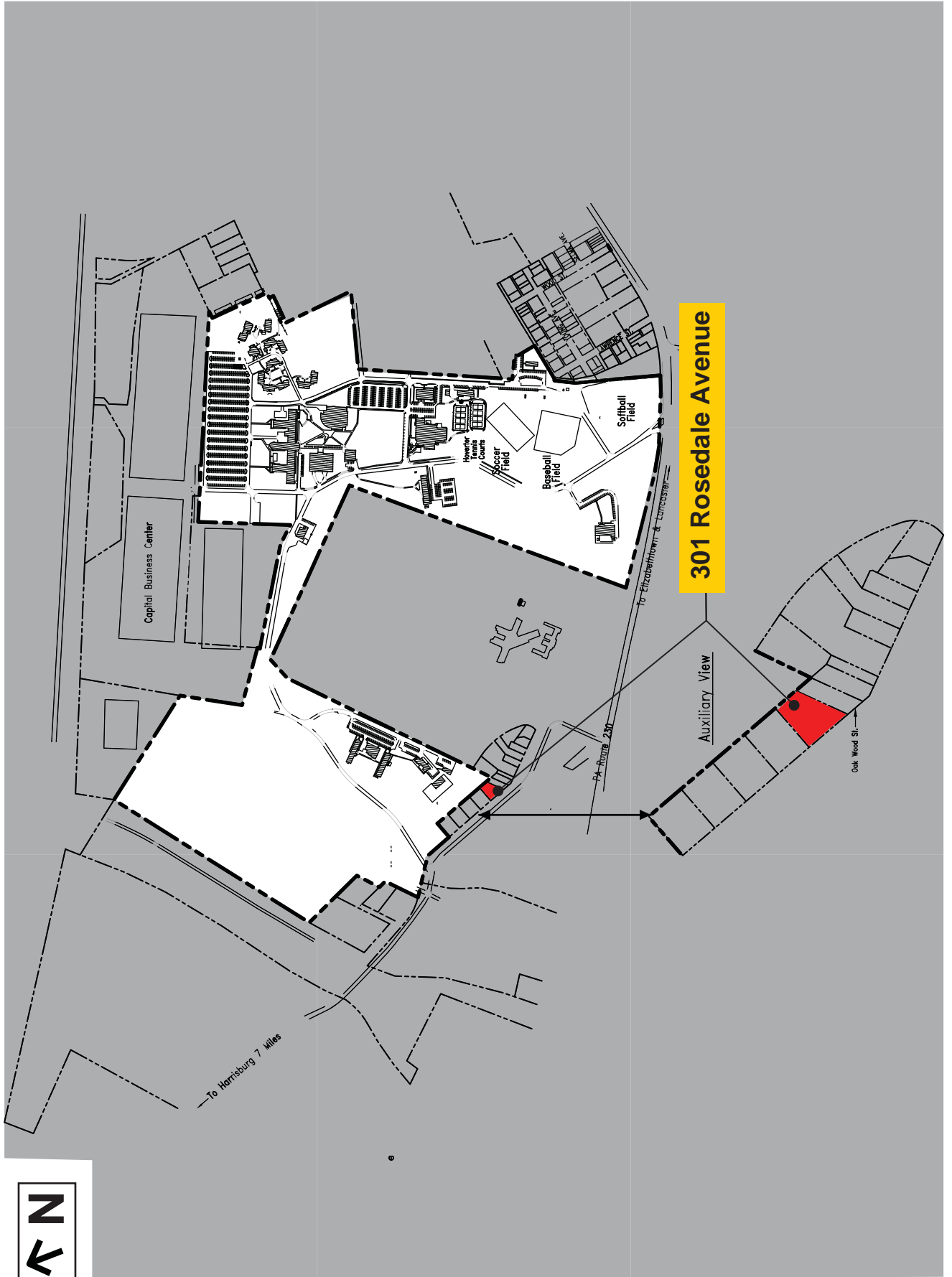


TEMPORARY SWING SPACE LABORATORIES

Benner Township



Penn State Harrisburg



Penn State Harrisburg



FRONT OF PROPERTY



REAR OF PROPERTY



ROSEDALE AVENUE

STATUS OF MAJOR CONSTRUCTION PROGRAMS AND BORROWING (> \$5 Million)
October 31, 2013

11/22/2013

FB&CP

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	Woodland Building Renovation	\$7,000,000	\$0	\$0	01/13	1/1/13	04/14	10/14	Project in design.
Berks	Luerssen Building Renovation	\$13,000,000	\$11,400,000	\$0	03/13	03/14	03/14	05/15	Project in design.
Harrisburg	Educational Activities Building	\$19,500,000	\$0	\$0	11/11	01/13	02/13	05/14	Construction is approximately 45% complete.
Hershey	Data Center	TBD	\$0	\$0	09/13	01/15	01/15	09/16	Project in design.
Philadelphia	EEB Hub, Building 661 and 7R, Philadelphia Navy Yard	\$39,000,000	\$30,000,000	\$0	09/11	01/13	02/13	02/14, 05/14 *	Construction is approximately 45% complete.
	Beaver Stadium Video Boards / Sound System	\$10,000,000	\$0	\$0	07/11	07/13	11/13	08/14	Work to be completed for 2014 Season.
	Burrows Building Renovation	\$37,800,000	\$0	\$0	05/12	01/14	01/14	12/15	Project out for bid.
	CBL Cage Wash Addition	\$5,400,000	\$0	\$0	N/A	09/13	11/13	06/14	Construction to begin in October 2013.
	Data Center	TBD	\$0	\$0	09/13	01/15	01/15	03/17	Project in design.
	East Campus Steam Line	\$13,500,000	\$11,000,000	\$0	N/A	03/11	06/11	TBD	Construction is approximately 90% complete with pending quality/performance issues.
	Environmental Improvements BFF Installations	\$10,500,000	\$7,000,000	\$0	N/A	N/A	06/08	08/14	Project program is approximately 70% complete.
	Essential Services Program	\$11,950,000	\$3,000,000	\$0	N/A	N/A	12/05	12/14	Project program is approximately 70% complete.
	Health and Human Development Building	\$88,500,000	\$52,300,000	\$0	01/08	11/12	03/13	05/15	Construction is approximately 12% complete.
	HUB Addition	\$44,600,000	\$0	\$0	03/11	05/13	05/13	05/15	Construction is 10% complete.
	IM Building Addition	\$26,110,000	\$0	\$0	01/11	01/13	02/13	04/14	Construction is approximately 65% complete.
	IM Building Addition Phase II	\$31,250,000	\$0	\$0	03/13	01/14	02/14	06/15	Project in design.
University Park	MRL Renovations	\$22,500,000	\$8,200,000	\$0	N/A	03/14	03/14	04/16	Project in design.
	Mueller Laboratory Renovations	\$18,000,000	\$0	\$0	03/12	01/14	05/14	07/15	Project in design.
	Old Main Building Systems Renovation Phase I	\$11,000,000	\$0	\$1,500,000	09/11	11/12	01/13	11/13	Construction is approximately 95% complete.
	South Fear Phase II Renovations	\$18,100,000	\$0	\$0	01/12	01/13	02/13	08/14	Construction is approximately 50% complete.
	South Halls Renovations and New Building	\$94,100,000	\$0	\$0	3/11, 11/11	03/12	05/12	12/14	Construction is approximately 55% complete.
	Steidle Renovation	\$52,000,000	\$0	\$0	03/12	03/14	03/14	11/15	Project in design.
	Transformer Replacement Program	\$9,600,000	\$1,000,000	\$0	N/A	N/A	06/07	07/14	Project program is approximately 80% complete.
	Water Treatment Plant and Distribution System Upgrades	TBD	TBD	\$0	01/11	11/14	TBD	TBD	Project in design.
	WCSP Steam Turbine Replacement	\$9,200,000	\$0	\$0	01/11	01/13	12/13	TBD	Construction to begin in December 2013.
	WCSP Steam Production Modifications	\$57,300,000	\$0	\$0	01/11	11/12	12/13	TBD	Construction to begin in December 2013.
	West Campus Chilled Water Plant 3000 Ton Chiller	\$16,200,000	\$0	\$0	01/12	09/12	11/12	08/14	Construction is approximately 50% complete.
	Whitmore Laboratory Renovations	\$32,900,000	\$0	\$0	03/12	09/14	01/15	12/16	Project in design.

* 02/14 completion for Building 661 and a 05/14 completion for Building 7R (EEB Hub)

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

Total Bonds, Notes and Capital Leases as of June 30, 2013	\$867,404
Bonds, Notes, and Capital Leases Issued Year to Date Fiscal Year 2013/14	\$0
Year to Date Principal Payments and Premium Amortizations	(\$27,373)
Total Bonds, Notes and Capital Leases as of October 31, 2013	\$840,031

* Related Interest Expense Totals Approximately \$16,455

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

Borrowing Authority per September 2013 Board of Trustees	\$750,000
Capital Leases, Bonds, & Notes Issued	\$0
Future Capitalized Leases & Other Anticipated Commitments	(\$5,900)
Estimated Authority Remaining	\$744,100

THE PENNSYLVANIA STATE UNIVERSITY
CONFLICT OF INTEREST DISCLOSURE - FISCAL YEAR 2012-2013
Summary of All Transactions

VENDOR	TOTAL
MOUNT NITTANY INN (Nancy Silvis ≥ 10% Ownership)	\$ 18,776.32
ACCU WEATHER (Joel Myers ≥ 10% Ownership)	\$ 14,348.95
WEBSTER'S CAFÉ AND BOOKSTORE (Deborah Meder ≥ 10% Ownership)	\$ 6,388.80
TOTAL	\$ 39,514.07

THE PENNSYLVANIA STATE UNIVERSITY
CONFLICT OF INTEREST DISCLOSURE - FISCAL YEAR 2012-2013
All Transactions

MOUNT NITTANY INN:		
University Outreach	\$	2,981.50
Agricultural Sciences	\$	2,800.00
Agricultural Sciences	\$	2,432.00
Education	\$	2,087.10
Engineering	\$	1,043.00
Agricultural Sciences	\$	1,030.20
Arts and Architecture	\$	835.00
Student Affairs	\$	786.49
Arts and Architecture	\$	745.00
Agricultural Sciences	\$	610.06
Student Affairs	\$	604.83
Student Affairs	\$	393.61
Student Affairs	\$	322.76
Development and Alumni Relations	\$	246.62
Agricultural Sciences	\$	211.92
Development and Alumni Relations	\$	207.23
Arts and Architecture	\$	200.00
Research - Strategic Initiatives	\$	180.91
Research - Strategic Initiatives	\$	154.78
Student Affairs	\$	110.33
Agricultural Sciences	\$	106.52
Nursing	\$	100.00
Earth and Mineral Sciences	\$	96.27
Physical Plant	\$	89.15
Earth and Mineral Sciences	\$	73.58
Agricultural Sciences	\$	61.48
Agricultural Sciences	\$	46.48
Agricultural Sciences	\$	46.00
Agricultural Sciences	\$	42.56
Agricultural Sciences	\$	42.26
Science - Eberly College	\$	41.85
University Outreach	\$	30.00
University Outreach	\$	16.83
TOTAL MOUNT NITTANY INN:	\$	18,776.32

THE PENNSYLVANIA STATE UNIVERSITY
CONFLICT OF INTEREST DISCLOSURE - FISCAL YEAR 2012-2013
All Transactions

ACCU WEATHER:

Intercollegiate Athletics	\$	6,762.00
University Airport	\$	1,846.00
University Airport	\$	1,727.00
Athletics Recreation Services and Support	\$	1,250.00
Intercollegiate Athletics	\$	1,250.00
Intercollegiate Athletics	\$	995.00
Penn State Mont Alto	\$	59.95
University Airport	\$	57.00
Penn State Hospitality Services	\$	33.50
Penn State Hospitality Services	\$	33.50
Penn State Hospitality Services	\$	33.50
Penn State Hospitality Services	\$	33.50
Penn State Hospitality Services	\$	33.50
Penn State Hospitality Services	\$	33.50
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Penn State Hospitality Services	\$	33.50
Penn State Hospitality Services	\$	33.50
Penn State Hospitality Services	\$	33.50
Penn State Hospitality Services	\$	33.50
TOTAL ACCU WEATHER:	\$	14,348.95

WEBSTER'S CAFÉ AND BOOKSTORE:

Athletics Recreation Services and Support	\$	2,070.00
Athletics Recreation Services and Support	\$	1,350.00
Earth and Mineral Sciences	\$	479.00
Liberal Arts	\$	462.50
Liberal Arts	\$	451.00
Athletics Recreation Services and Support	\$	300.00
Agricultural Sciences	\$	202.50
Liberal Arts	\$	196.50
Engineering	\$	162.50
Health and Human Development	\$	105.00
Health and Human Development	\$	100.00
Health and Human Development	\$	100.00
Liberal Arts	\$	100.00
Health and Human Development	\$	83.00

**THE PENNSYLVANIA STATE UNIVERSITY
CONFLICT OF INTEREST DISCLOSURE - FISCAL YEAR 2012-2013
All Transactions**

WEBSTER'S CAFÉ AND BOOKSTORE (continued):		
Health and Human Development	\$	55.00
Engineering	\$	26.43
Health and Human Development	\$	17.46
Penn State Altoona	\$	17.20
Arts and Architecture	\$	16.09
Agricultural Sciences	\$	15.98
Office of the President	\$	13.95
Liberal Arts	\$	13.00
Health and Human Development	\$	10.76
Earth and Mineral Sciences	\$	9.95
Undergraduate Education	\$	8.86
University Outreach	\$	8.36
Liberal Arts	\$	5.36
Science - Eberly College	\$	5.00
Agricultural Sciences	\$	3.40
TOTAL WEBSTER'S CAFÉ AND BOOKSTORE:	\$	6,388.80
GRAND TOTAL:	\$	39,514.07



DATE: November 8, 2013
FROM: Jeanie Andrews *Jeanie*
TO: Members of the Board of Trustees

Attached is a draft of proposed amendments to the *Charter* and *Bylaws* as approved by the Governance and Long Range Planning Committee at its meeting on Thursday, September 19, 2013. These amendments will be recommended for approval at the November Board meeting.

The amendments are generally described as follows:

Charter

1. Section C.6 has been amended to modify the composition of the Executive Committee to reflect the additional standing committee chair and to provide for a flexible number of at-large members in order to have a total of 13 members.

Bylaws

1. Section 3.03(f)(vii) has been revised to create a new standing committee on compensation.
2. Section 3.03(k)(iii) has been revised to make the subcommittee on human resources a subcommittee of the committee on compensation. The subcommittee on human resources is currently a subcommittee of the committee on finance, business and capital planning.
3. Section 3.02 has been revised to modify the composition of the executive committee to reflect the additional standing committee chair and to provide for a flexible number of at large members in order to have a total of 13 members.
4. Sections 5.09(a)(iv) and 5.09(b)(iii)(2) have been revised to clarify which personnel matters are required to be approved by the Board and which matters are required to come to the Board for its information.
5. Section 4.02(a)(iii) was revised to clarify the method of authorization of indemnification pursuant to the discretionary authority granted under this section.

Attachment

cc/att: Susan M. Basso
Frank T. Guadagnino
Thomas G. Poole

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Centre County, June 15, 1915, No. 162, May Term, 1915; Resolution of the Board of Trustees, May 3, 2013)

OFFICERS OF THE BOARD

The officers of the Board of Trustees shall be chosen annually by the Board to serve for a period of one year; and shall consist of a Chair, a Vice Chair, a Secretary and a Treasurer. (Decree of the Court of Common Pleas of Centre County, June 15, 1915, No. 162, May Term, 1915; Resolution of the Board of Trustees, May 3, 2013))

EXECUTIVE COMMITTEE

- (1) Membership: The executive committee shall have 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, the chairs of the standing committees, the chair of the Board of Directors of the Milton S. Hershey Medical Center, the immediate past chair of the Board of Trustees, and ~~three~~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. The Secretary of the Board shall be the Recording Secretary of the Executive Committee. In addition, the President of the University shall be an ex-officio nonvoting member of the Executive Committee. (Decree of the Court of Common Pleas of Centre County, June 15, 1915, No. 162, May Term, 1915; Decree of the Court of Common Pleas of Centre County, February 28, 1958, No. 211, February Term, 1958; Decree of the Court of Common Pleas of Centre County, September 23, 1959, No. 189, October Term, 1959; Resolution of the Board of Trustees, May 3, 2013; [Resolution of the Board of Trustees, _____, 2013])
- (2) Duties: The duty of the Executive Committee shall be, under the direction of and subject to the approval of the Board of Trustees, to transact such necessary business as may arise in the intervals between the regular meetings of the Board. (Decree of the Court of Common Pleas of Centre County, June 15, 1915, No. 162, May Term, 1915))

TREASURER

The Treasurer (who shall receive and disburse the funds of the institution, and perform such other duties as shall be required of him) shall not be a member of the Board, and shall receive such compensation from time to time as the Board may direct. (Act of February 22, 1855, P.L. 46, sec. 8, 24 Purd. Comp. Stat. sec. 2539; Decree of the Court of Common Pleas of Centre County, June 15, 1915, No. 162, May Term, 1915; Resolution of the Board of Trustees, May 3, 2013))

ORGANIZATION AND SITE

On the second Thursday of June after the passage of this act, the Board of Trustees, who are hereby appointed, shall meet at Harrisburg and proceed to the organization of an institution and selection of the most eligible site within the Commonwealth of Pennsylvania for its location, where they shall purchase or obtain by gift, grant, or otherwise, a tract of land containing at least

AMENDED AND RESTATED

BYLAWS

of

THE PENNSYLVANIA STATE UNIVERSITY

Adopted _____, 2013

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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 thirty two (32) 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 of the University.

(v) Members Elected by Organizations. Six Trustees, who shall be members of and represent organized agricultural societies and associations, to 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.

(b) Each Trustee shall serve for a term of three (3) years. 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 until such Trustee's earlier death or resignation.

Section 2.02 Qualifications for Membership. 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, nor 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.

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. 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 ~~three~~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 nonvoting 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. reviewing the service of a Trustee upon retirement; and
- d. evaluating and making recommendations on the working effectiveness of the Board and its committees.

(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 of the Board of Trustees 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 ~~finance, business and capital planning~~compensation) shall be composed of up to five members, not all of whom need be members of the committee on ~~finance, business and capital planning~~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~~subcommittee on ~~Legal~~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.

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, “indemnitee” 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 January 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

(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 of land and other real estate with a value of over \$1 million, with the exception of the sale of land and other real estate up to \$3 million in value gifted to the University for the express purpose of sale with proceeds benefitting the University;

(3) Approval of specific 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) Projects under \$5 million in cost that are bond-financed;

(6) Approval to award contracts for construction; provided, however, that the Officers of the University shall have the discretion to expend up to an additional 10 percent of the authorized construction cost, as necessary; and

(7) Appointment of architect for construction of major projects.

(iv) Personnel Matters.

(1) The selection, ~~support~~evaluation, compensation and ~~evaluation~~removal of the President of the University ~~and other senior positions~~, 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. (2) Compensation. Information regarding the~~ evaluation and compensation and performance of the University's senior executives and leaders 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

(1) New construction or renovations projects with a cost between \$1,000,000 and \$4,999,999;

(2) Naming of rooms, portions of buildings, and plazas;

(3) Real estate purchases less than \$1 million in value;

(4) Proceeds from the sale of land and other real estate gifted to the University for the express purpose of sale;

(5) Capital budget request submitted to the Commonwealth of Pennsylvania.

(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 Executive Director, 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 they are 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.

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