

PENNS^TATE



Meetings of the Board of Trustees

November 14, 2014

Minutes

**MINUTES OF MEETINGS OF
BOARD OF TRUSTEES
VOLUME 283
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MINUTES OF MEETING
BOARD OF TRUSTEES
VOLUME 283
November 14, 2014

A meeting of the Board of Trustees was held in Dean's Hall of the Penn Stater Conference Center Hotel, University Park, PA, at 1:32 p.m. on November 14, 2014.

The following Trustees were present: Masser (chairman), Casey (vice chairman), Barron, Benson, Brown, Cotner, Dambly, Dandrea, Doran, Eckel (by phone), Goldstein, Greig, Harpster, Hintz, Jubelirer, Lord, Lubrano, McCombie, Mead, Oldsey, Peetz, Pope, Rakowich, Rucci, Shaffer, Silvis, and Taliaferro. Emerita/us Trustees Coppersmith, Jones, Junker, Metzgar, Myers, Robinson, and Riley were also present.

Present by invitation were faculty representatives Ansari, Kulikowich, and Strauss; chair of the academic leadership council, Wiley Sandler; student representatives Ganjam, Rhubar, and Shaffer; committee staff representatives Blew, Egolf, McDonald, Salvino, and Warner; and staff members Andrews, Basso, DiRaimo, Dunham, Gray, Guadagnino, Hanes, Hillemeier, Jones, Kirsch, Lokman, Mulroy-Degenhart, Pangborn, Poole, Sharkey, Sims, and Weidemann.

Chairman Masser's opening remarks are included as follows:

"Good afternoon and welcome.

"Unfortunately, the board's October 28 special meeting was characterized by an ongoing stream of violations of our standing orders by some of the public attendees. The conduct in violation of our rules included repetitive clapping, jeering, booing and derisive laughter, as well as loud outbursts and speeches by some members of the audience. This behavior reflects very poorly upon Penn State.

"We have limited time and a very full agenda. We simply cannot tolerate the kind of behavior that was exhibited at our October 28 meeting, and, to a lesser extent, at prior public board meetings. I remind you that under our standing orders, members of the public are here as observers, not participants. I intend to strictly enforce that rule. If any member of the audience engages in any disruptive behavior, I will ask the security personnel in attendance today to escort that individual from this meeting room, and insist that the individual leave the premises of the Penn Stater immediately.

"It is unfortunate that I have to begin our meetings with this kind of warning, but I do so because it is entirely inappropriate for adult observers of board meetings to behave in a manner we would find completely unacceptable if exhibited by Penn State students in our classrooms. Thank you for your cooperation.

"I want to remind everyone that this week is Military Appreciation Week, and I want to personally thank all members of our armed forces - past, present and future - for their commitment in protecting and defending our nation. May I ask that anyone who served, currently serves, or is a member of ROTC to please stand and be recognized. A centerpiece of this important week is Operation Game Day coinciding with Penn State's football game against Temple. There will be various forms of recognition before and during the football game. For those attending the game, I'm sure you will find it rewarding and compelling.

“We are pleased that Karen Wiley Sandler is with us today. As chair of the Academic Leadership Council, we look forward to Karen’s engagement with the Board.”

The roll was called by Janine Andrews, Associate Secretary of the Board. Following the roll call, the Board voted to approve the minutes of the meetings of the Board held on September 19, 2014.

President’s Report

Dr. Barron continued to look at his six imperatives for higher education, and during the report he covered student engagement/engaged scholarship. The evidence supports the value of engagement, which results in greater student success. He focused on engagement areas that include: international experiences, one-on-one projects with faculty, leadership, internships, and service and service learning. He referred to the Faculty Senate report that recommended providing every student with at least one, if not multiple, engaged scholarship experiences as undergraduates, and he detailed possible strategies for promoting engagement. Dr. Barron wants to establish a vision where Penn State becomes a national leader in student engagement and the realization of its benefits; and to ensure that these opportunities extend to all campuses and impact a growing number of students, ultimately all students. He concluded with some thoughts on how to address the challenges through funding sources, centralized functions, incentivized opportunities, and great visibility of the tremendous amount of activity already occurring at Penn State.

Dr. Barron responded to questions and comments about the following items:

- Internships and assessments
- International student enrollment
- Student success

For the full text of Dr. Barron’s report and companion slides, refer to Appendix I.

[Appendix I]

Provost’s Report

Dr. Jones discussed the composition of the faculty, specifically tenure track and non-tenure-track faculty. He reviewed the main types of faculty appointments and looked at trends in terms of hiring and student credit hours taught. At Penn State, as well as nationally, the number of non-tenure-track faculty has increased faster than the number of standing faculty. All of our faculty are vital contributors to the University’s mission of teaching, research, and service.

Dr. Jones responded to questions and comments about the following items:

- Strategic planning
- Faculty structure
- Tenure

For the full text of Dr. Jones’ report and companion slides, refer to Appendix II.

[Appendix II]

Reports from Standing Committees

Chairman Masser advised that standing Committees met in public session on Thursday, November 13, 2014, to consider any information or action items to come before the board today. Any action item considered and voted on in the Committee was included in reports by the respective Committee chairs. The full Board was asked to consider committee recommendations at the conclusion of each report.

A. Committee on Academic Affairs and Student Life

Chairman Abe Harpster reported that the Committee on Academic Affairs and Student Life met on Thursday, November 13, with a quorum of the Committee present.

The Committee received the following items for information:

1. Information on Undergraduate Programs
 - a) Associate in Science in Agricultural Business in the College of Agricultural Sciences: Phase Out Program
 - b) Agricultural Economics and Rural Sociology Minor in the College of Agricultural Sciences: Phase Out Program
 - c) Wood Products Marketing Minor: Phase Out Program, College of Agricultural Sciences
 - d) Bachelor of Science in Corporate Innovation and Entrepreneurship in the Smeal College of Business: New Program
 - e) Bachelor of Arts in Labor Studies and Employment Relations to the Bachelor of Arts in Labor and Employment Relations in College of the Liberal Arts: Name change
 - f) Bachelor of Science in Labor Studies and Employment Relations to the Bachelor of Science in Labor and Employment Relations in the College of the Liberal Arts: Name change
 - g) American Studies Minor at University College (Penn State Brandywine, Fayette, and York): Phase Out Program
 - h) Associate in Building Engineering Technology at University College (Penn State Fayette): Phase Out Program

The Committee received updates from administrative liaisons Robert Pangborn, Vice President and Dean for Undergraduate Education, and Damon Sims, Vice President for Student Affairs. Neil Sharkey, Vice President for Research, provided a report about research-related financial risks as well as operational risks.

Captain Robert Clark, the ROTC Joint Service Coordinator for the University, spoke to the Committee about the officer training programs at Penn State and, in particular, the engagement of the ROTC students in other aspects of University life. Broadening that discussion, Dave Lieb, Senior Associate Vice President for Development, outlined the concept of creating a gateway to the various services available at Penn State to students in, or returning from, the military.

Finally, the Committee had a discussion on the engaged scholarship initiative, which connects strongly to President Barron's interest in advancing student engagement as defined more broadly; the concept is one that reflects the intent of encouraging students to get the full value of their Penn State experience.

There were no actionable items presented to the Board.

Trustee Harpster then acknowledged Provost and Executive Vice President, Nicholas P. Jones, who introduced the following informational reports:

Informational Report on Admissions, Enrollment and Student Financial Aid

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

Informational Report: Schreyer Honors College, Penn State Millennium Scholars Program, and the Paterno Fellows Program

An informational report was provided by Christian M. Brady, Dean of the Schreyer Honors College; Susan Welch, Dean of the College of the Liberal Arts; and Daniel J. Larson, Dean of the Eberly College of Science.

B. Committee on Audit and Risk

Karen Peetz, Chairman of the Committee on Audit and Risk, reported that the Committee met on Thursday, October 24, with a quorum of the Committee present. The Committee reviewed the roles and responsibilities matrix and approved the Internal Audit department charter; Daniel Heist, Director of Internal Audit, provided a follow-up report.

University Controller, Joseph Doncsecz, provided the Committee with a review of the 2013-2014 Audited Financial Statements. The Committee voted to accept, on behalf of the Board, the audited financial statements for the year ended June 30, 2014.

There were no actionable items presented to the Board.

C. Committee on Finance, Business, and Capital Planning

Chairman Mark Dambly reported that the Committee on Finance, Business, and Capital Planning met on Thursday, November 13, with a quorum of the Committee present.

1. Information Items –
 - a) Visual Arts HVAC Replacement, University Park
 - b) Energy Savings Project at Agricultural Science and Industries Building, University Park
 - c) Energy Savings Project at Wartik Building, University Park
 - d) Woodland Building Renovations - Phase II, Penn State Abington
 - e) Institute of Cyberscience Capital Equipment Purchase at Computer Building, University Park
 - f) Naming of Rooms, Portions of Buildings, and Plazas
 - g) Purchase of Property at 3040 West Pine Grove Road, Rte. 45, Ferguson Township, Centre County
 - h) Status of Major Construction Programs and Borrowing
 - i) Conflict of Interest Disclosure
 - j) Summary and Designation of Gifts Received by the University
2. Action Items –
 - a) Summary of Revisions to Existing Scholarships, Fellowships, etc.
 - b) Acknowledgement of Endowments and Other Major Commitments

Chair Dambly continued with his introductions of Agenda Items for consideration and approval. Agenda Item 2 provided a proposed reauthorization to expend funds for the Hetzel Union Building addition and renovation at University Park. Agenda Item 3 provided a proposal for the extension of development services agreement with the Research Park Management Corporation; Neil Sharkey, provided an update on Innovation Park to the Committee on Thursday. Agenda Item 4 provided a proposal for the appointment of a Design Build Team, East Halls Renovation and New Residence Hall, University Park; Senior Vice President for Finance and Business/Treasurer, David Gray, provided background for this item. Agenda Items 5 and 6 proposed final plans and authorization to expend funds for the Greenberg Indoor Sports Complex at University Park, and the Data Center at the Milton S. Hershey Medical Center. Agenda item 7 proposed the purchase of Delta Point property in Silver Spring Township, Cumberland County. Agenda Item 8 included a report from Joe Doncsecz on the University's Audited Financial Statements.

Chair Dambly stated that the Committee received a photo report on selected construction projects during the Thursday meeting from Ford Stryker, Director of Physical Plant.

Additionally, Chair Dambly reported that the Subcommittee on Finance met on Thursday and endorsed an endowment spending rate of 4.5% for fiscal year 2015-2016, which had been recommended by the Penn State Investment Council at its meeting on October 31, 2014.

The Committee on Finance, Business and Capital Planning recommended that the Board of Trustees approve the following resolutions:

1. WHEREAS, the construction cost of the Hetzel Union Building Addition and Renovation has increased by \$6.2 million above the originally authorized amount of \$44.6 million.

RESOLVED, that the authorization to expend funds to accomplish the project is increased to \$50,800,000.

2. RESOLVED, That the Board of Trustees approves the extension of the Development Services Agreement between the University and the Research Park Management Corporation (RPMCo), whereby RPMCo provides management, supervision and coordination of development at Innovation Park, to January 31, 2015.

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

3. RESOLVED, That the Officers of the University are authorized to employ Clayco of Saint Louis, Missouri, to design and build the East Halls Renovation and New Residence Hall, University Park.

FURTHER BE IT RESOLVED, Final plans for the project will be brought to the Board of Trustees for approval when designed and costs have been established.

4. RESOLVED, That the final plans for the Greenberg Indoor Sports Complex class laboratory swing space renovation at University Park, as designed by PJ Dick of Pittsburgh, Pennsylvania, are approved.

FURTHER BE IT RESOLVED, That authorization to expend funds to accomplish the project are approved in the amount of \$10,300,000.

5. RESOLVED, That the final plans for the Data Center at The Milton S. Hershey Medical Center, as designed by IDC Architects, are approved.

FURTHER BE IT RESOLVED, That authorization to expend funds to construct the project be approved at a cost of \$54,000,000.

6. RESOLVED, That the Board of Trustees approves the acquisition of lots 2/2A, comprised of 8.25 acres, located at Delta Pointe, Silver Spring Township, Cumberland County Pennsylvania, from Delta Commerce Park Developers, LLC for \$1,500,000.

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

A motion to approve the foregoing resolutions as recommended by the Committee on Finance, Business and Capital Planning was made and seconded and approved by the Board.

D. Committee on Governance and Long-Range Planning

Vice Chairman Rick Dandrea reported that the Committee on Governance and Long-Range Planning met Thursday, November 13, with a quorum of the Committee present. Madlyn Hanes, Vice-President for the Commonwealth Campuses, addressed risk management associated with the multi-campus model. Finally, Provost Jones shared information about the University's strategic planning process with the Committee.

Vice Chair Dandrea introduced a governance reform proposal that was approved by the Committee on September 18, by a vote of 7-1, and recommended by the Committee for Board adoption during the November meeting. Additionally, Dr. Barron shared information gleaned from his recent conversations with Governor-elect Wolf related to governance reforms on the Board. To review the complete proposal refer to Appendix III.

[Appendix III]

Based on the President's conversation with Governor-elect Wolf and discussions among the Board, Vice Chair Dandrea moved to amend the proposed resolutions as follows: 1. delete the proposal to change the voting status of the Commonwealth's Cabinet Secretaries of Agriculture, Education, and Conservation and Natural Resources, from voting to nonvoting; 2. delete the proposal that authorizes the Chair of the Board to determine the maximum number of members of the Executive Committee; 3. delete the proposal to substitute other rules for Robert's Rules of Order for Board and committee meetings; and 4. delete the proposal which makes the Vice-Chair of the Board a member of all committees and subcommittees.

A motion to approve the amendments to the resolution was made and seconded.

Trustee Lubrano read two letters into the record, and stated that his opposition to the proposed reforms presented by the Committee. To review the letters refer to Appendix IV.

[Appendix IV]

Vice Chair Dandrea introduced Holly Gregory, of Sidley Austin LLP, who was engaged by the Board as a governance consultant. Ms. Gregory provided a review of the process and substance of the Committee's work and the proposed resolution, and addressed questions posed by the Trustees.

A restatement of the amendments to the resolution was made and seconded, and approved by the Board, 17-9.

A motion to table the amended resolution was made and seconded; the motion was defeated by the Board, 15-11.

The Committee on Governance and Long-Range Planning recommended that the Board of Trustees approve the following resolutions:

1. RESOLVED, That the Charter of The Pennsylvania State University be amended as set forth in the appendix and presented at the meeting on November 14, 2014.

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 14, 2014.

FURTHER BE IT RESOLVED, That the Standing Orders of The Pennsylvania State University be amended as set forth in the appendix and presented at the meeting on November 14, 2014.

FURTHER BE IT RESOLVED, That the Secretary of the Board of Trustees be authorized to file with the Commonwealth of Pennsylvania Department of State such filings as may be required to affect the foregoing resolutions.

A motion to approve the foregoing resolutions as recommended by the Committee on Governance and Long-Range Planning, and with amendments as noted, was made and seconded and approved by the Board, 15-9.

E. Committee on Legal and Compliance

Ken Frazier, Vice Chairman of the Committee on Legal and Compliance, reported that the Committee met Thursday, November 13, with a quorum of the Committee present. The Committee approved the recommendation of resolutions which involved the routine process for certain liquor licenses for Board approval. Additionally, the Committee received reports from Regis Becker, Director of Ethics and Compliance, and Julie DelGiorno, Athletics Integrity Officer.

The Committee on Legal and Compliance recommended that the Board of Trustees approve the following resolutions:

1. WHEREAS, It is the desire of The Pennsylvania State University to be granted a renewal Hotel Liquor License; and

WHEREAS, It is the desire of The Pennsylvania State University to be granted a renewal of Sunday Sales Permit for the sale of alcoholic beverages at The Nittany Lion Inn; and

WHEREAS, It is the desire of The Pennsylvania State University to be granted a renewal of Amusement Permit,

THEREFORE BE IT RESOLVED, That applications of License and Permits to expire January 31, 2016, be filed with The Pennsylvania Liquor Control Board and that Joseph J. Doncsecz, Associate Vice President for Finance and Corporate Controller, and David J. Gray, Senior Vice President for Finance and Business/Treasurer, be authorized and any and all are authorized to execute the necessary applications and bond, and any other papers required by the Pennsylvania Liquor Control Board.

2. WHEREAS The Pennsylvania Liquor Code authorizes the Pennsylvania Liquor Control Board to issue various permits related to liquor sales, subject to a well-defined set of regulations; and

WHEREAS The Pennsylvania State University desires to file an application for a Wine Auction Permit issued by the Pennsylvania Liquor Control Board, on behalf of WPSU as part of its fund raising efforts;

HEREBY BE IT RESOLVED, That an application for a Wine Auction Permit be submitted to the Pennsylvania Liquor Control Board as part of WPSU's fund raising efforts.

FURTHER BE IT RESOLVED, That David J. Gray, Senior Vice President for Finance and Business/Treasurer, and/or Joseph J. Doncsecz, Associate Vice President for Finance and Corporate Controller, is/are authorized to execute the applications and any other papers required by the Pennsylvania Liquor Control Board, and to take such other actions as may be required in connection with the application.

A motion to approve the foregoing resolutions as recommended by the Committee on Legal and Compliance was made and seconded and approved by the Board.

F. Committee on Outreach, Development and Community Relations

Paul Silvis, Chairman of the Committee on Outreach, Development and Community Relations, reported that the Committee met Thursday, November 13, with a quorum of the Committee present. The Committee received reports from Mike DiRaimo, Special Assistant to the President; from Lawrence Lokman, Vice President for Strategic Communications; from Craig Weidemann, Vice President for Outreach and Vice Provost for Online Education; from the President of the Penn State Alumni Association, Kay Salvino; and from Rod Kirsch, Senior Vice President for Development and Alumni Relations.

There were no actionable items presented to the Board.

Appointment of a Screening Committee for the Distinguished Alumni Award

It was voted to authorize the President of the Board to appoint a committee to screen all nominees for the Distinguished Alumni Award, and present a slate at the January 2015 meeting.

Chairman Masser called on Trustees for additional items of business.

Trustee Lubrano offered a resolution for consideration; the resolution is included as Appendix V. The resolution was moved and seconded.

[Appendix V]

Vice Chair Kathy Casey moved to consider the resolution in an Executive Session in January. The motion to postpone the discussion of the resolution was seconded. The Board approved to postpone consideration of the resolution, 15-9.

Public Comment

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

Timothy Rinehart, a student of the University, spoke about Student Leadership efforts to amend the FDA's indefinite blood donor deferral policy for MSM donors.

Elizabeth Morgan, an alumna of the University, spoke about proposed revisions to the *Charter, Bylaws, and Standing Orders*.

Sandra Lane, a supporter and friend of the University, spoke about going forward.

Lori Stanell, an alumna of the University, spoke about moving forward together.

Jeff Goldsmith, an alumnus of the University, spoke about proposed revisions to the *Charter, Bylaws, and Standing Orders* of the Board of Trustees.

Jon Dandrea an alumnus of the University, spoke about proposed revisions to the *Charter, Bylaws, and Standing Orders* of the Board of Trustees.

Nathan Larkin, a current student of the University, spoke about fossil fuel development.

Emily Miller, a current student of the University, spoke about open educational resources.

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John Wortman, a current student of the University, spoke about proposed revisions to the *Charter, Bylaws, and Standing Orders* of the Board of Trustees.

Announcements by the Chairman of the Board of Trustees

Chair Masser called for other matters to come before the Board. There being none, the meeting was adjourned at 6:10 p.m.

The meeting is available in its entirety at <https://www.youtube.com/watch?v=ewAj7gSA1w4>

Respectfully submitted,

Janine S. Andrews
Associate Secretary,
Board of Trustees

Remarks from President Eric J. Barron
Meeting of the Penn State Board of Trustees, University Park
November 14, 2014

“Thank you. It's a pleasure to be here. As you know, I have been working to introduce six major topics of importance to the future of the university, issues that are on the, or have national attention in terms of their importance and value to higher education. And in these reports I'm systematically going through these different six topics as the university begins to investigate them.

“The first presentation I did access and affordability last time, economic development and student career success, and this time student engagement and engage scholarship. Here is basically the goal. The goal is to maximize the degree to which students take advantage of the Penn State experience. I basically say: You paid your tuition and you purchased a blue and white sports car. Don't drive it 20 miles an hour. Put the car through the paces. The equivalent of truly taking advantage of the opportunities that are here. So this is basically our goal, to have students become engaged, take advantage of the university, put that blue and white sports car through its paces.

“I have given you a couple of definitions of what engage scholarship means in student engagement. Typically we're talking about out of classroom experiences that promote student success. Some people will use the words "engage scholarship" for an out of classroom academic experience that complements class-based learning. So this is the objective. Those experiences that truly make the educational experience worthwhile. And this is basically the reason why we want to do it. We discover that if you're engaged in worthwhile activities ten to 20 hours a week, it's kind of a sweet spot, you have to manage your time. You are much less likely to be doing something with your time that doesn't promote student success. We see this over and over again. You have less time to do those activities that might not be particularly useful.

“We also discovered that if you are an engaged student your peer group is engaged. Just like you can imagine a residence hall becomes a group of friends or some other activity becomes a group of friends, someone engaged in worthwhile activities is surrounded by other people involved in worthwhile activities. The peer group is engaged in good behavior. It is nice to sit and talk about this in general terms, but the simple fact of the matter is we now have enough data to compare the grade point averages of engaged students versus non-engaged students who graduated. We discovered that engaged students have distinctly higher gaps. Engaged students spend their time here building a resume. Can't put drinking on Thursday night on your resume. Engaged activities that are worthwhile, that are contributing to your future success, you are building a resume from the moment you walk on to this campus that is in addition to telling a future employer this is my grade point and I graduated from Penn State University. So the question that we are posing is: If we know this has that incredible positive impact on our students, do universities have an obligation to promote engagement? Well, I have to add in there are a couple of other benefits that you might or might not think are very direct to the student experience. One is we discovered that if you respect engaged, you have a higher retention rate and higher graduation rate. We see this in the same way as a student that lives on campus. This is a distinctly, starts by living on campus has a higher retention rate and graduation rate. We see it as much more post community involvement. If we do surveys of students we discover the engaged student is much more satisfied than the non-engaged students. The list goes on and on.

“Here is the basic idea. If we know that engagement adds that much value, do we have an obligation to promote it?

“I picked some areas of engagement that I think are appropriate for us to focus on. So the first one that we put on the list is international experiences. And just about everybody here knows how

transformative an international experience can be for a student. And we also know that employers care deeply about whether our students have a world view. There's cultural perspectives and all sorts of things that are benefits.

"So we brag. And I tell you each and every time I give you one of these presentations that I'm going to tell you how well we're doing. Then I'm going to peel back the onion a little bit and see if we are doing as well as we want to be doing. And if not, to develop strategies on what to do next.

"So we take pride in the fact that we rank 19th in the U.S. in students studying abroad. Approximately 2500 students, a little bit more than 2500 with Commonwealth campuses in UP combined. Students last year visited 56 countries. We can pat ourselves on the back. This looks pretty good.

"If you take a look, there is Penn State among the Big Ten schools. These are different types of averages you can ignore. There is Penn State right there in the middle of the pack for the Big Ten. The Big Ten cares about study abroad.

"Now we look a little bit deeper. The top chart is the percentage of our students studying abroad. If you will look, all of a sudden we slipped in terms of our position. Then if we look at the amount of money per student we spent on study abroad you can see that we are next to the bottom in the Big Ten.

"Obviously we are a big university. We can brag about the numbers of students that study abroad. On the other hand, if what we are really after is to maximize the number of students, the percentage of students, the breadth of students that can study abroad, this institution is not doing as well as it might be doing.

"So this is the goal, need, issues. We don't have sufficient financial resources. We have to more than double the financial resources we have in order to come into the middle of the pack of the Big Ten in terms of presenting opportunities for our students to have study abroad. So this is also a cost factor, as you know how many students this university educates that are need-based, first in their family to go to college. You have to understand with very little money that those students are disadvantaged in having this type of engagement experience.

"Another thing that we want to think about, some majors that are very tightly controlled like engineering have fewer students who have international experiences, despite the fact that employers are keenly interested in having those experiences for their students.

"The second thing I put on the top on the list is one-on-one projects with faculty. Research or creative experiences. Okay, again, considerable benefit. There's a very high correlation of students who have one-on-one projects with faculty and graduate or professional degrees. So basically, this is a ticket to going on to graduate school or working to get a professional degree. Of course, the reason for this, this is not a term paper, right? This is a case where a student is defining a project with a faculty member, doing it, completing it, and reporting out on it. It promotes all those critical thinking skills, completion, oral communication skills, as well as a much deeper knowledge of a particular topic.

"So there's considerable advantage. Again, I think it's worth bragging that based on surveys 28 percent of the students at University Park and 20 percent of the students at the Commonwealth campus say that they have done some research creative activity with a faculty member that is one to one. We have an average of 1,700 projects a year. This is based on the number of students that are registering for research topics. Okay, we also have some very highly visible one-on-one programs. EcoCar is an example. Lunar Lion is an example of very deep involvement between students and faculty.

"We have some good things that we're talking about here. I'll tell you, it's always a compliment to faculty when you realize that they are guiding 1700 one-on-one projects.

"At the same time we look centrally and go up into the top of old main. There's a place where you can get a summer discovery grant. Now you think about the large number of students that we have.

We have about 60 awards of \$3,000 a year. Many colleges add to that number to create more opportunities. They have exhibition programs and conference travel for some students. Faculty can post opportunities for one-on-one research centrally. We have a very low traffic. Of course, you can see why we have a very low traffic. Sixty awards a year for an institution with tens of thousands of students is not exactly a major draw to have people in the undergraduate research office.

“Our colleges, some of them, are highly focused on this particular topic. Science, earth and mineral sciences, engineering, social sciences all care deeply about one-on-one research with faculty or creative experiences. Unfortunately, the view that you get here is that that highly decentralized effort means that many students are left out of this particular process and have less opportunity than they might otherwise. And there's a very strong indication that there are insufficient opportunities for students despite the fact that this is a very powerful research university.

“This is what we would like to see if we were setting goals on this. Increase the number of higher paying, more competitive grants. Make sure we are supporting faculty so they are rewarded for the critical investment of their time in this process. I think we need the dedicated staff that are in a central office with the opportunity and resources where we really draw students into this process. We need to create much higher visibility for this value of undergraduate research if we know it's a ticket to an advanced degree for many students. We need to make sure that more students have this opportunity. We notice in particular that arts and humanities lag behind in terms of student engagement.

“Leadership is a topic I put on the list. Well, we know this is a good experience. You get multiple perspectives. You have to get a whole group of people to agree with you in order to move forward. Promote student career success, communication success, self-confidence if you're a leader. There's a lot of benefits in taking on leadership roles. The opportunities here are nothing short of astounding. We have 1,200 clubs and campus organizations. We have a very active student government. There are many opportunities for leadership. We have leadership conferences at campus, regional and university wide levels that involve training and team building and preparation. We have leadership scholarships and leadership awards, a Presidential Leadership Academy. Look at the list of programs in there. You go look at any campus in the Penn State family and you will see that campus promoting some opportunity for leadership for our students. We even have a leadership minor in engineering and in agriculture.

“Okay, I don't know what to put on the goals list. If you can't find a leadership opportunity at Penn State, I don't know what might be going on. The only thing I can think about is if old main opens its doors to more students so students can participate in leadership activities that are at the very highest level of the university. Otherwise, I think this part is something to be proud of. We don't necessarily count. I don't necessarily know what to brag about, but everywhere I look we send the signal that we value leadership. I put internships on the list. Real world opportunity. Networking opportunity. You get a chance for somebody else other than a faculty member to be able to comment about you and your success. There's a high correlation with employment offers. I now had the chance to talk to an amazing number of corporate partners for this university. Over and over again they tell me they have deliberate internship programs because they get a chance to look at our students, decide they have high value and they capture them into the job market. This is a ticket to job opportunities. For that reason it becomes incredibly important as an engagement activity in student success but also in terms of real world learning experiences.

“Fifty-two percent of our undergraduates say that they have participated in at least one practical work assignment in industry, government, or the university. That's a good sign. Now we go look. Open the doors of internships at the university and what you'll see is central guidance. Here is the first advice: Check with your college first on internship opportunities. Here is a list of organizations that provide them. Here are search strategies that you might employ to define one. Here are search capabilities that we offer. And many colleges and campuses have specific programs and specific lists. This is an interesting thing to think about because I suspect there are thousands of internships, but this is an institution that doesn't know how many of our students are gaining this particular experience. My bet is, it's a significant

philanthropic opportunity that we haven't tapped into because I believe institutions might love the idea of giving an internship to add that practical experience into what they are doing. So that might turn out to be an exciting untapped opportunity that I think we should work to address.

"You also have to ask that same question that the faculty asked about research. The recommendations that I made there came from a Faculty Senate report in 2012. That is, universities with weaker centralized programs are less likely to be making sure that opportunities are open to all of the students that are out there. And there are indications for that reason that we don't have sufficient opportunities except in some colleges where the colleges are very deliberate in promoting internships.

"I put service and service learning. These are also topics that you would see in the engagement, engaged scholar reports that our faculty have produced. This is community involvement which yields personal satisfaction, certainly great experiences. And I say it's a wonderful signal to an employer. So I've got two resumes that look almost identical. Two good grade points, two great universities. On this part of the ledger is somebody who gave back. I'll tell you, every time I think the employer is going to pick the person who has given back because it tells you about how someone is going to interact with their customers and with their fellow employees.

"We know that this is a strength that is worthwhile, both from the experience, self-satisfaction, and the potential for employment that has value. So what we have are incredibly visible program. Who doesn't know about THON, the largest student-run philanthropy in the world, raising 114 million since 1977. Numerous community based research opportunities exist across Penn State. Many of our programs offer international service opportunities. There's even a minor in civic and community engagement.

"On the other hand, my suspicion with THON being so visible that almost nobody in this institution realizes just how much service our students are giving to their communities. So it seems impressive and we've got the big things to brag about, but it's difficult to assess what our commitment is to service. We seem to lack knowledge of the level of involvement and the breadth of opportunities and even the opportunity to be able to offer to our students service opportunities that fit closely about what it is they are trying to accomplish in their degrees.

"There are two strategies being suggested by the university to promote engagement. If you are thinking about this carefully and you realize all these tremendous values of having student engagement, how should the university go forward? The Faculty Senate report recently released says our objectives should be to provide every single student with an engagement activity. This is a significant change to the curriculum of Penn State should we take that step. And basically they are saying let us designate courses as being engaged scholar courses. And students will be required to take one of these courses. So you have to create an inventory of designated courses. There's a lot of investment to develop that because, after all, you're talking about 98,000 students making sure that they take an engaged scholar course. We obviously have to invest centrally in order to manage that enterprise. We need to find new ways to reward faculty if we are going to have faculty teaching that is a much more intensive experience that we know will reward our students. We need to create recognition and assessment mechanisms so that when we do these programs we know what the outcomes are. And we watch whether or not we are having a significant impact on our students.

"I would say this is the deliberate, specified, you must have an engaged scholar course. And the second strategy is to strike a medal, an engaged scholar medal for which students who complete three of five, three of six, it depends. I only gave you five categories, or other categories of engagement you might put on there, but students that complete three of the five then are eligible to graduate with an engaged scholar medal and put that on their transcript and put that on their resume.

"The five categories were international experiences, one-on-one experiences with faculty, leadership, internships and service. Of course, this could grow. This means as an institution we have to

deliberately be able to expand opportunity. Can't dangle a medal out in front of our students and not provide the opportunity for them to achieve the medal. We also need a way, in addition to providing those opportunities, for us to count and assess. As a matter of fact, you might do it in a way that if someone does all the service they can have a service scholar designation. But it takes three to end up with a medal. These are two different ways of approaching engaged scholarship for our students. So this is our goal: Establish that vision where Penn State becomes a national leader in student engagement and realization of its benefits. And ensure that those opportunities extend to all campuses and all parts of this university. And with the objective of impacting as many students as we possibly can.

“Obviously from those two examples, that may be impacting all of our students.

“We have some challenges in doing that. We have to have more funding for international programs. I don't like being at the bottom of the Big Ten in the dollar amounts that we are providing students to have an international experience. Okay? We need to do much more on one-on-one research and creative experiences. There is a high demand and need for resources if those projects are going to be meaningful. We have to support our faculty in providing opportunities for our students.

“I don't think there's any choice that if you are going to provide medals or make sure that every student is touched that that doesn't mean we have to have a more centralized function and incentivize more opportunities. We have to make it more visible than what it is now. We want a lot of traffic of our students headed towards these opportunities.

“We also want to make sure we leverage the resources existing in our colleges. We don't want to take this from our colleges. We want to be a better partner and have more opportunity in the process. So promote the visibility, increased opportunities for recognition, award, and assessment.

“So this is my end note. This is of incredibly high value. It is, if you want to use a phrase, putting that blue and white sports car through its paces. We want going in and out of classes driving the sports car going 120 miles an hour. Going in and out of class is no way to take advantage of this university. We know healthier, happier, better resume, better career opportunities. This is data that is telling us that this is a positive impact of our students if we do this.

“We also know that this is better retention, better graduation, better critical thinking skills. Again, this is both ends. It affects our budget model, affects our ranking and affects student success.

“We need to implement the best strategies for us to move forward. Two have been proposed and hopefully you will see as we begin to emerge specific goals and objectives on how we can increase those areas for which we are weak and become known around this nation as one that makes sure that our students have the experiences and opportunities that truly adds value to this education.

“Mr. Chairman, that concludes my report. I'm more than happy to take questions.”



President's Report to the Board of Trustees

November 14, 2014

Examining Six Major Issues

- Access and Affordability
- Economic Development and Student Career Success
- **Student Engagement/Engaged Scholarship**
- Diversity and Demographics
- Technology and Curriculum Delivery
- Excellence



Student Engagement

Goal: Maximize the degree to which students take advantage of the Penn State experience: “Drive the blue and white sports car more than 20 miles an hour.”



Student Engagement/Engaged Scholarship

Definitions:

- Out-of-classroom experiences that promote student success
- Out-of-classroom academic experiences that complement class-based learning



The Evidence

- Engaged students must manage their time; tend to have less time for activities that don't promote success
- Engaged students have an engaged peer group; reinforces success
- Engaged students have demonstrably higher GPAs
- Engaged students build a resume throughout their tenure

Better grades and better resumes = greater success

Given the Evidence:

Do universities have an obligation to promote engagement?

- Plus there is added value:
 - Promote recruitment, retention and graduation
 - Post-graduation community involvement
 - Higher student satisfaction
 - Many other positive attributes (leadership, communication...)

Engagement Areas: International Experiences

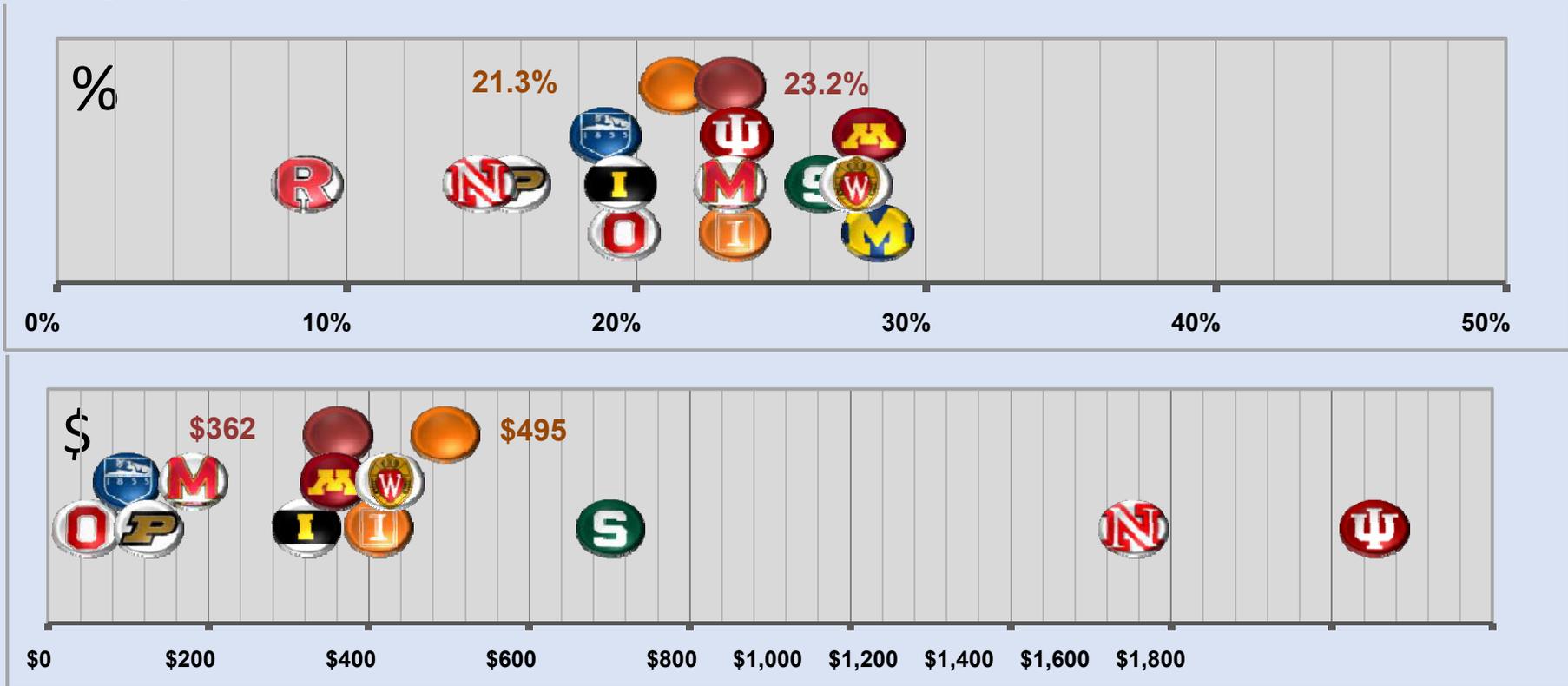
Value: Worldview is essential (careers, perspective, culture)

Status: 19th in the U.S. for students studying abroad (approx. 2,500 students; 56 countries); Many active partnerships

Total # Learning Abroad



Engagement Areas: International Experiences



Engagement Areas: International Experiences

Goal/Need/Issues:

- Lack of financial resources is a significant barrier to greater international engagement; cost is a factor in who can study abroad
- Address the challenge for degree candidates with highly structured course sequences



Engagement Areas: One-on-One Projects with Faculty

Value:

- High correlation with completion of advanced degrees
- Deeper understanding; involvement end-to-end from design to conclusion including presentation

Status:

- 28% students (UP) and 20% students (CC) are doing research/creative activities with faculty; based on survey data
- Average of 1,700 projects a year register for Research Topics
- Highly visible programs – e.g. Lunar Lion, EcoCAR

Engagement Areas: One-on-One Projects with Faculty

Status (cont.)

Central:

- Summer Discovery Grants – 60 at \$3,000/year; many colleges add to award levels; create more opportunities
- Exhibition programs and conference travel for presentations
- Faculty can post opportunities centrally
- Low traffic through central office

Engagement Areas: One-on-One Projects with Faculty

Status (cont.)

Colleges and Campuses:

- Highly decentralized efforts in specific fields (Science, Earth and Mineral Sciences, Engineering, Social Sciences)

View:

- Universities with weaker programs are more decentralized
- Indications that there are insufficient opportunities

Engagement Areas: One-on-One Projects with Faculty

Goals/Needs/Issues (*University Faculty Senate report 2012*)

- Increased number of higher paying, more competitive grants
- More faculty and student support
- More dedicated staff
- Higher visibility
- Greater efforts to include students in the arts and humanities

Engagement Areas: Leadership

Value:

- Experiential, multiple perspectives, student career success, communication skills, self-confidence

Status:

- Opportunities are significant – 1,200 clubs and campus organizations; active student government
- Leadership conference at campus, regional and university-wide level (training, team-building, preparation)
- Leadership scholarships and student leadership awards

Engagement Areas: Leadership

Status:

- Presidential Leadership Academy
- Office of Student Activities programs: Leaders Emerging Today, Student Leadership Practices Inventory; LeaderShape, Fall Leadership Program; Global Engagement and Leadership Experience
- Campus programs (experiential, retreats....)
- Leadership minor in Engineering and Agriculture



Engagement Areas: Leadership

Goals/Needs/Issues: Already many great opportunities

- Perhaps expand within Penn State's administrative areas (e.g. investment arena, administrative fellows)



Engagement Areas: Internships

Value:

- Real world opportunity, networking, high correlation with employment offers

Status:

- 52% of all undergraduates participate in at least one practical work assignment in industry, government or the university



Engagement Areas: Internships

Central guidance:

- Check college first
- List of organizations
- Search strategies
- Some search capabilities

Colleges and Campuses

- Many with specific programs/lists



Engagement Areas: Internships

Goal/Need/Issues:

- Potential development opportunity (?)
- ? Universities with weaker programs are more decentralized
- ? Indications that there are insufficient opportunities



Engagement Areas: Service and Service Learning

Value:

- Community involvement, personal satisfaction, experiential, signal to potential employers

Status:

- Highly visible programs: e.g. THON, the largest student-run philanthropy – \$114 million raised since 1977
- Numerous service learning and community-based research opportunities across Penn State, even international
- Minor in Civic and Community Engagement

Engagement Areas: Service and Service Learning

Goal/Need/Issues:

- Seems impressive but difficult to assess – lack the knowledge of the level of involvement; breadth of opportunities; reach to the students



Strategies for Promoting Engagement

Faculty Senate report: Provide every student with at least one, if not multiple, engaged scholarship experiences as undergraduates

- Create an inventory of designated courses/experiences
- Develop/invest in participation opportunities
- Invest in a clearly identified central entity
- Find new ways to reward faculty
- Create recognition and assessment mechanisms

Strategies for Promoting Engagement

Strike an Engaged Scholar Medal

- Define categories/expectations for each (e.g. complete 3 of 5 categories: international experiences; one-on-one experiences with faculty; leadership, internships, service)
- Expand opportunity if demand is present
- Need a way to count through a central entity

Goal

- Establish a vision where Penn State becomes a national leader in student engagement and realization of its benefits
- Ensure that these opportunities extend to all campuses and impact a growing number of students (all)

Address the Challenges

- Seek funding for international experiences and one-on-one research/creative experiences with faculty
- Develop engagement as a philanthropic focus
- Increase centralized functions and incentivize opportunities across our colleges and campuses in order to broaden opportunities for more students and leverage local resources
- Promote the visibility of the tremendous amount of activity already occurring at Penn State
- Increase the opportunities for recognition and reward

End Note

- High value – put the blue and white sports car through its paces
- Healthier, happier, better grades, better resume, better career opportunities
- Added value in retention, graduation, critical thinking
- Need to implement best strategies for engagement



Questions?



Remarks from Provost and Executive Vice President Nicholas P. Jones

Meeting of the Penn State Board of Trustees, University Park

November 14, 2014

“At the last Board meeting, I discussed the contributions of Penn State’s faculty, staff, students, and alumni. Today, I’d like to focus on some key issues related to faculty – the heart of our University.

“Faculty are teaching our 98,000 students, pursuing research grants, supervising student research, and undertaking service projects. They are responsible for the consistently strong academic rankings that draw students to all our campuses. A national conversation has been taking place for some time about tenure-track faculty and non-tenure track faculty. Across the country, faculty not on the tenure track, sometimes referred to as adjunct or contingent faculty, express concerns about their financial compensation, benefits, job security, professional development and opportunities for advancement. If we look at national data through the late 1960s, fewer than 5 percent of new full-time faculty hires were outside the tenure system. Today, more than 50 percent of new full-time hires are non-tenure-line faculty. So what happened along the way and what is the nature of this change for higher education and for Penn State?

“If we look back 20 years at Penn State’s full-time faculty, we can see indications of the same trend that occurred nationally. In 1992, non-tenure track faculty made up 31 percent of our total faculty. By 2013, non-tenure track faculty had risen to 46 percent. The absolute number of tenure track faculty increased only slightly over this time period.

“Before we go further, let me review for you the main types of faculty appointments that we use at Penn State. The first three categories are covered by employee benefits:

- Standing appointments are full-time with no ending date specified. They are backed by permanent budgeted funds. Standing appointments include faculty who have earned tenure or are on the tenure track.
- Fixed-term Multi-year appointments are full-time for a minimum of 36 weeks and a maximum of five years, and have an ending date specified, although they may be renewed. They are supported by permanent funding for the time period stated.
- Fixed-term I appointments are full-time for at least 6 calendar months, but have an ending date specified. They are funded on a temporary basis, and may be renewed.
- Fixed-term II: Full-time, but less than 6 calendar months, or part-time. They also have an ending date specified and may be renewed.
- Other: Professor of Practice is one example. These are non-tenure track faculty, frequently with nontraditional academic backgrounds but with high-level leadership experiences outside the university.

“We can also look at faculty appointment types in the context of student credit hours taught. The left axis shows the number of student credit hours. The colors in the bars indicate the type of faculty appointment. Standing faculty, shown in blue, have taught slightly more student credit hours over the last 10 years, but a smaller percentage of the total. As the number of student credit hours has increased, most of the increase has been covered by faculty with Fixed-term I and Fixed-term Multi-year appointments, shown in red. Student credit hours taught by Fixed-term II and “Other” faculty have actually decreased since 2002.

“As we’ve reported to the Board previously, research expenditures rose significantly from 1992 to 2013, from \$288 million to more than \$800 million. Penn State has hired an increasing number of research faculty – not on the tenure track – who are essential contributors to our productive and growing research enterprise. Student enrollments have also risen since 1992, and non-tenure track faculty are helping to teach these new students. Instructional faculty on non-tenure tracks typically have more extensive teaching responsibilities than standing faculty. Our use of part-time faculty has been actually been decreasing.

“Penn State did not set out with a plan to increase the number of non-tenure track faculty. This change came incrementally by both strategic and tactical unit-level decisions that responded to a combination of market forces, budget constraints and processes, as well as more opportunities and success for Penn State in attracting students and research funding. Department heads, college deans, and campus chancellors have added non-tenure track faculty positions to teach increasing enrollments, particularly in lower-level and introductory courses associated with our World Campus, during years of limited permanent budget growth and our ongoing efforts to keep tuition increases as low as possible. Similarly, research faculty members have been hired to support our vibrant research programs.

“You hear frequently about the accomplishments of our standing faculty. Our non-tenure track faculty are also vital contributors to both the University’s research and the teaching enterprise, contributing substantially to our tripartite mission of research, teaching, and service. I’d like to share three brief examples of the key roles such faculty play for Penn State.

“Karen Barr has been a non-tenure track faculty member at Penn State Beaver since 2000. She teaches both face-to-face classes and online through the World Campus. Ms. Barr has received an Academic Advisor Award from the Student Government Association, two Excellence in Teaching Awards from her campus and the University-wide George W. Atherton Award for Excellence in Teaching. In addition to teaching and advising students, she develops curriculum and serves on a number of academic committees.

“Dr. Stephanie Lanza is a developmental methodologist and the Scientific Director of the Methodology Center in the College of Health and Human development. The Center develops and disseminates innovative statistical methodologies for prevention-related research. Dr. Lanza helps faculty, post docs, and students conceptualize and strategize on their research and grant funding proposals. She has also played a significant leadership role in the College of Health and Human Development where she was a member of the Strategic Planning Council. She is an important part of the Health and Human Development community.

“Dr. Ron Gilliland is a Professor of Practice in the Department of Astronomy and Astrophysics. Before joining Penn State, he was an astronomer at the Space Telescope Science Institute in Baltimore, Maryland, which operates the Hubble Space Telescope. We’re delighted to report that on Sunday he was named as a co-recipient of the \$3 Million 2015 Breakthrough Prize in Fundamental Physics as part of the High-Z Supernova Search Team. In 1998, this group found the first evidence for the existence of Dark Energy, the mysterious quantity that is causing the expansion of the Universe to accelerate. Dr. Gilliland is also a member of the Kepler satellite science team which has discovered more than a thousand planets orbiting nearby stars.

“Here is the University-wide chart that we looked at before, showing the trends in tenure track and non-tenure track appointments. The Office of Planning and Institutional Assessment also compiles information about tenure track faculty, student credit hour production, and budget expense summaries over time for selected colleges and campuses. More detailed analysis shows that different units have responded in different ways to faculty hiring needs and opportunities, and those responses have led to different distributions among the different appointment types. These distributions evolve with time, and reflect the serious and deliberate commitment of our academic units to respond, in the context of external and internal constraints, to fulfilling our mission.

“Penn State has a tripartite mission of teaching, research, and service and we have assembled highly qualified faculty to execute this mission. Some faculty members are cutting-edge teachers and researchers. Other faculty are purely research or purely instructional in their focus. We pay attention to the distributions among the different faculty types centrally, as do our deans and chancellors, in order to ensure that we are well positioned to fulfill our commitments in the most effective way possible. At any moment in time, the breakdown for a particular unit, or for the institution as a whole, may not be quite what we seek, but we are always focused on getting the balance right.

“With the encouragement of our University Faculty Senate, we are paying attention to the composition of our faculty, guided by our values and vision, and we’re working on this balance on multiple fronts. At Penn State, we value all members of our faculty, and their complementary contributions are what make us the extraordinary university that we, indeed, are.

“And now I’d be happy to take your questions as time allows.”

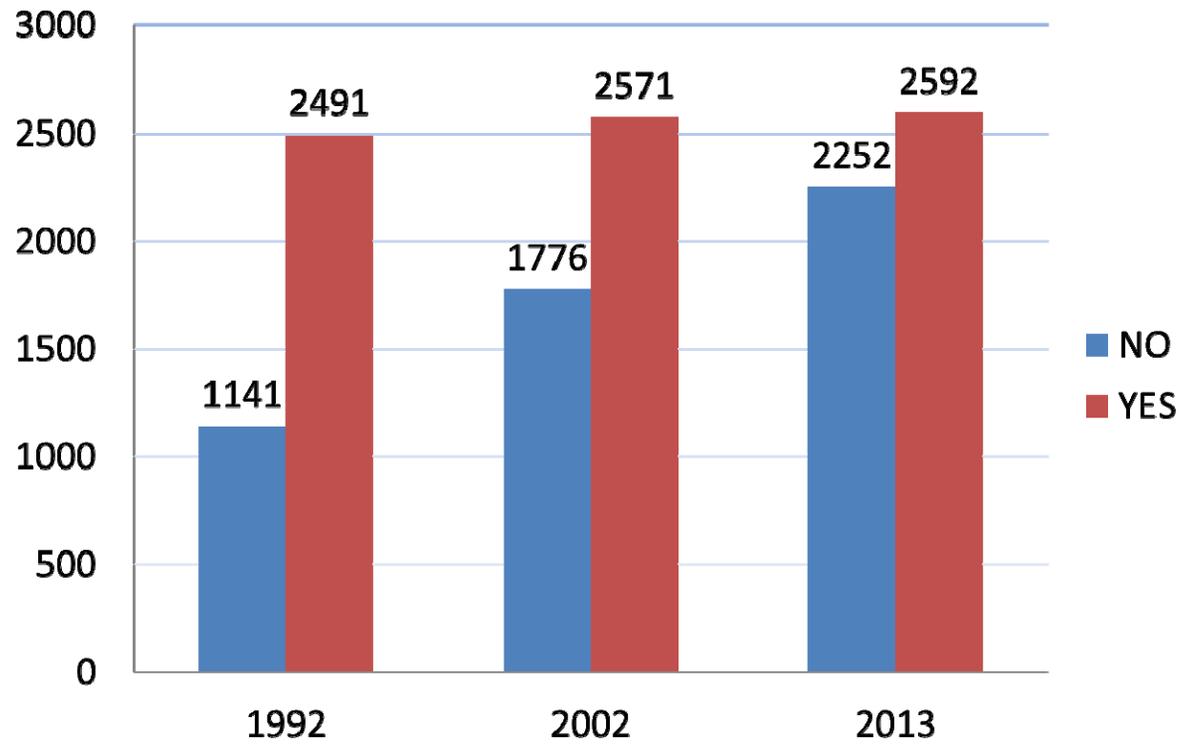


Faculty Composition Report

Nicholas P. Jones
Board of Trustees
November 14, 2014



Full-Time Faculty, University-Wide: Tenured/Tenure Track



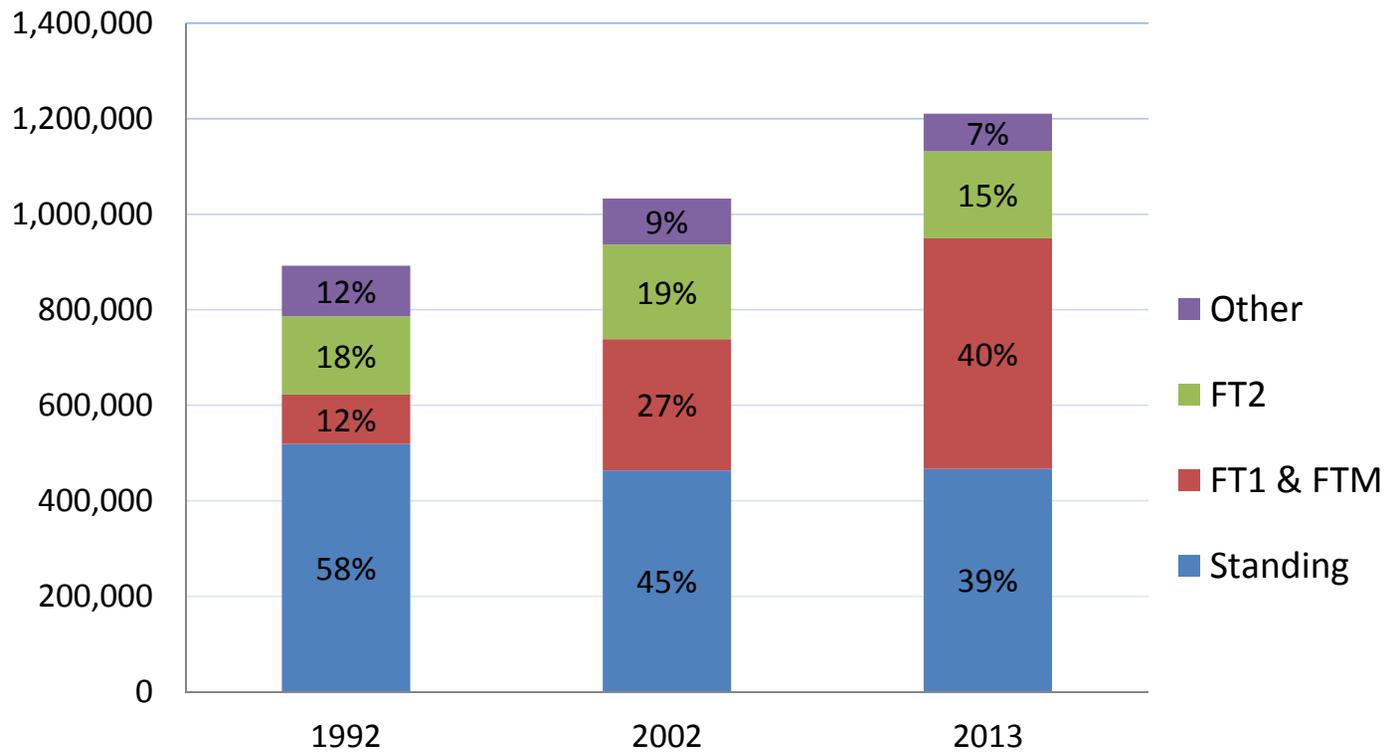
*Excludes Law and Medicine

Types of Academic Appointments

- Standing
- Fixed-term Multi-year
- Fixed-term I
- Fixed-term II
- Other – Professor of Practice



Student Credit Hour Generation, University-Wide



* Excludes College of Medicine

Observations

- **Research** faculty, non-tenure track, are contributing to our growing research enterprise
- **Instructional** faculty, non-tenure track, are helping to teach our increasing enrollments, from 75,518 students (1992) to 94,441 students (2013)



Karen C. Barr
Senior Instructor of Business
Penn State Beaver



MBA in Corporate Finance, Cal State Long Beach
B.S. Nursing, Ohio State

Atherton Award for Excellence in Teaching
Academic Advisor Award from SGA

Teaches face-to-face and online courses in
Accounting, Management, and Finance

Developed and taught a first year seminar for
business students

21 years experience with college teaching

Dr. Stephanie T. Lanza
Research Associate Professor,
College of Health and Human
Development



Ph.D., Penn State
M.S. and M.A.S., Penn State
B.S. and B.A., University of North Carolina at
Chapel Hill

Scientific Director, The Methodology Center

Associate Editor, *Prevention Science*

79 peer-reviewed articles

Principle Investigator or Co-Investigator on NIH
grants

Serves on dissertation committees

Dr. Ronald L. Gilliland
Professor of Practice
Department of Astronomy
and Astrophysics



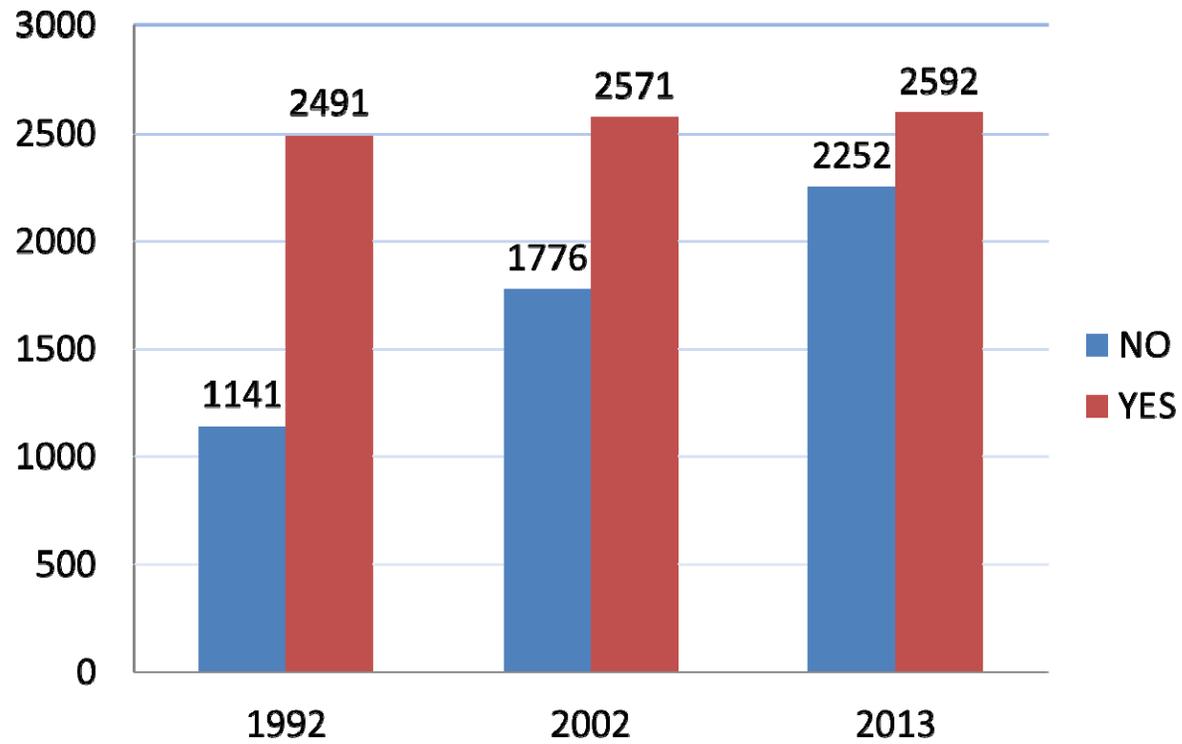
Former Astronomer with the Space Telescope
Science Institute

Ph.D. in Astronomy
University of California, Santa Cruz

Working on analysis of asteroseismology data

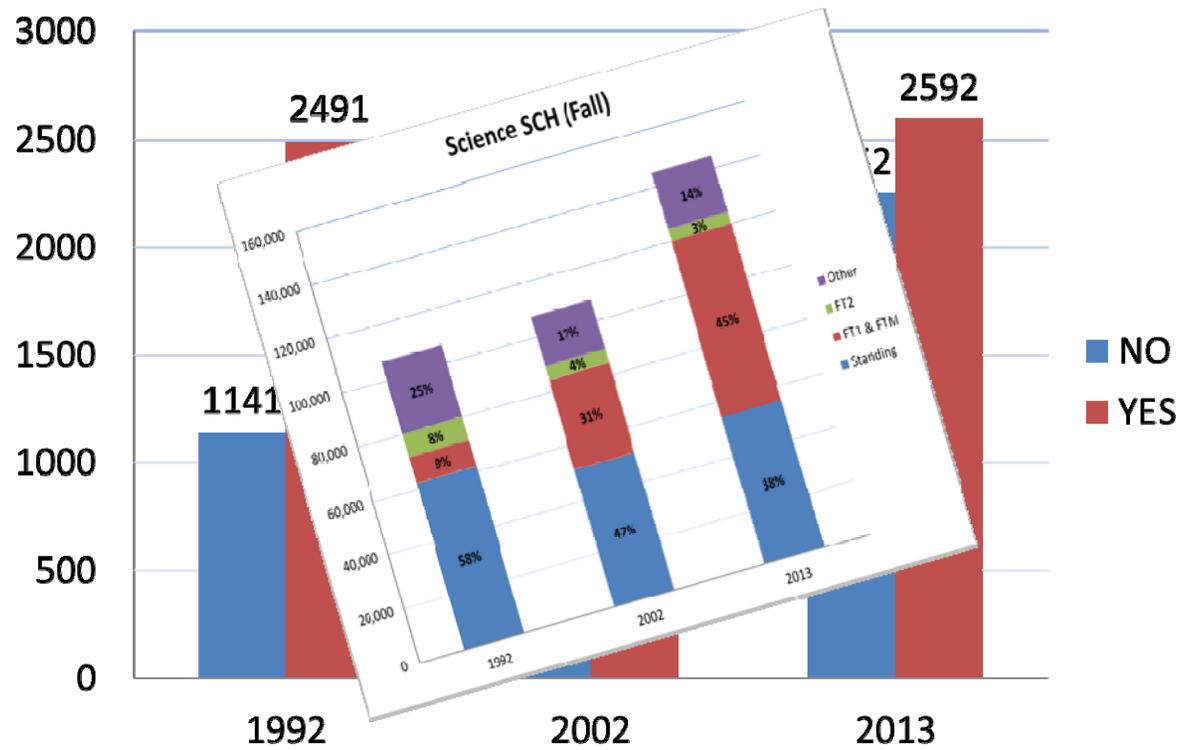
A recipient of the 2015 Breakthrough Prize in
Fundamental Physics

Full-Time Faculty, University-Wide: Tenured/Tenure Track



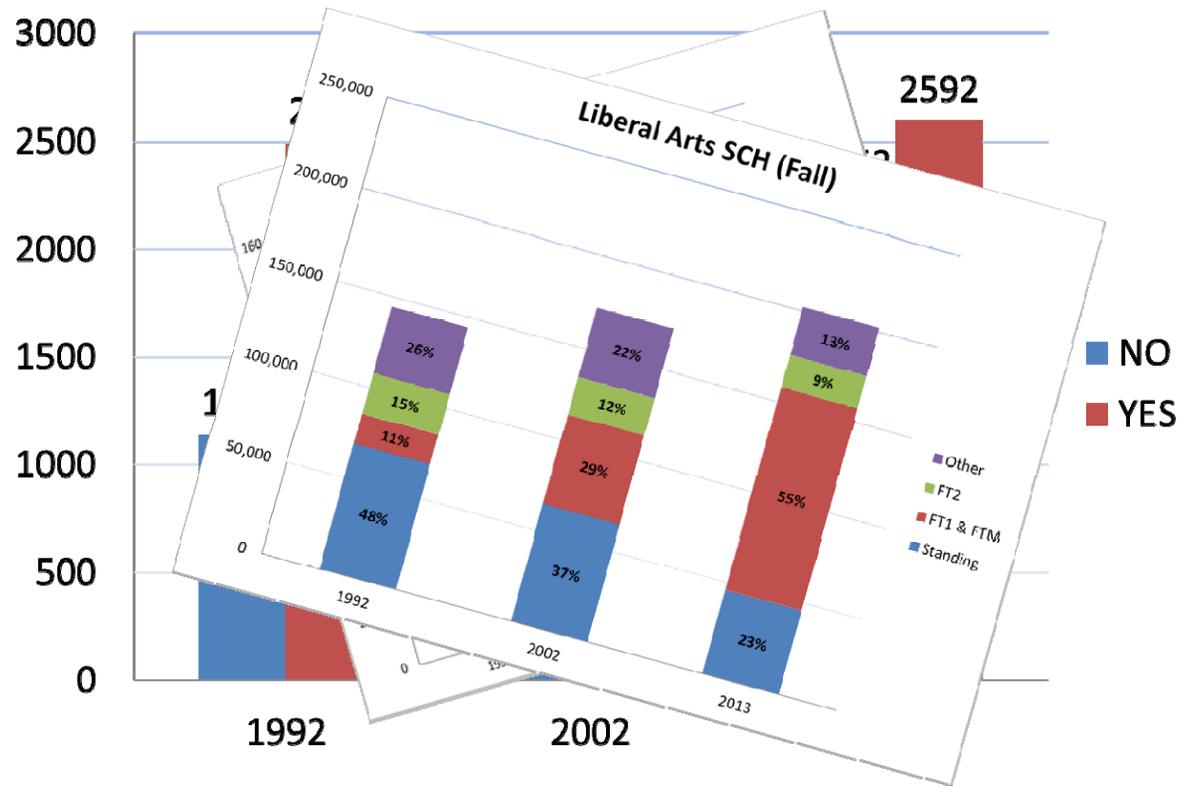
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Full-Time Faculty, University-Wide: Tenured/Tenure Track



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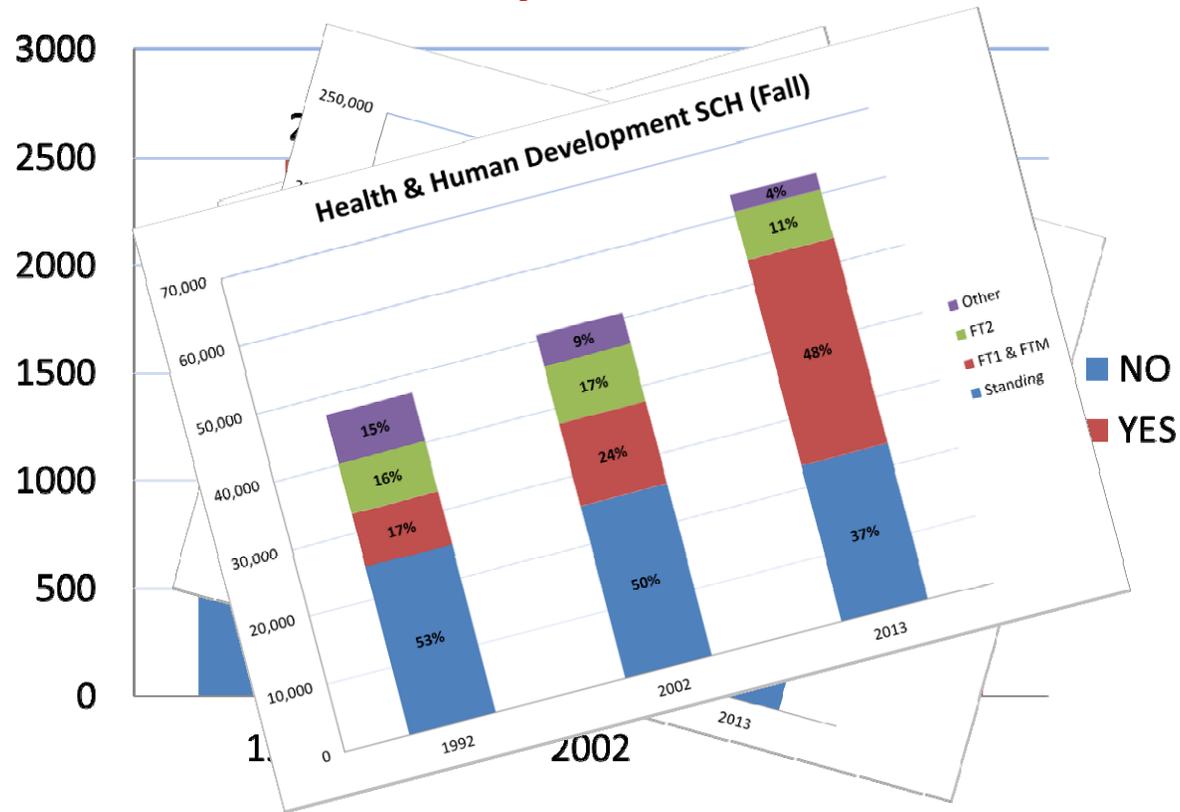
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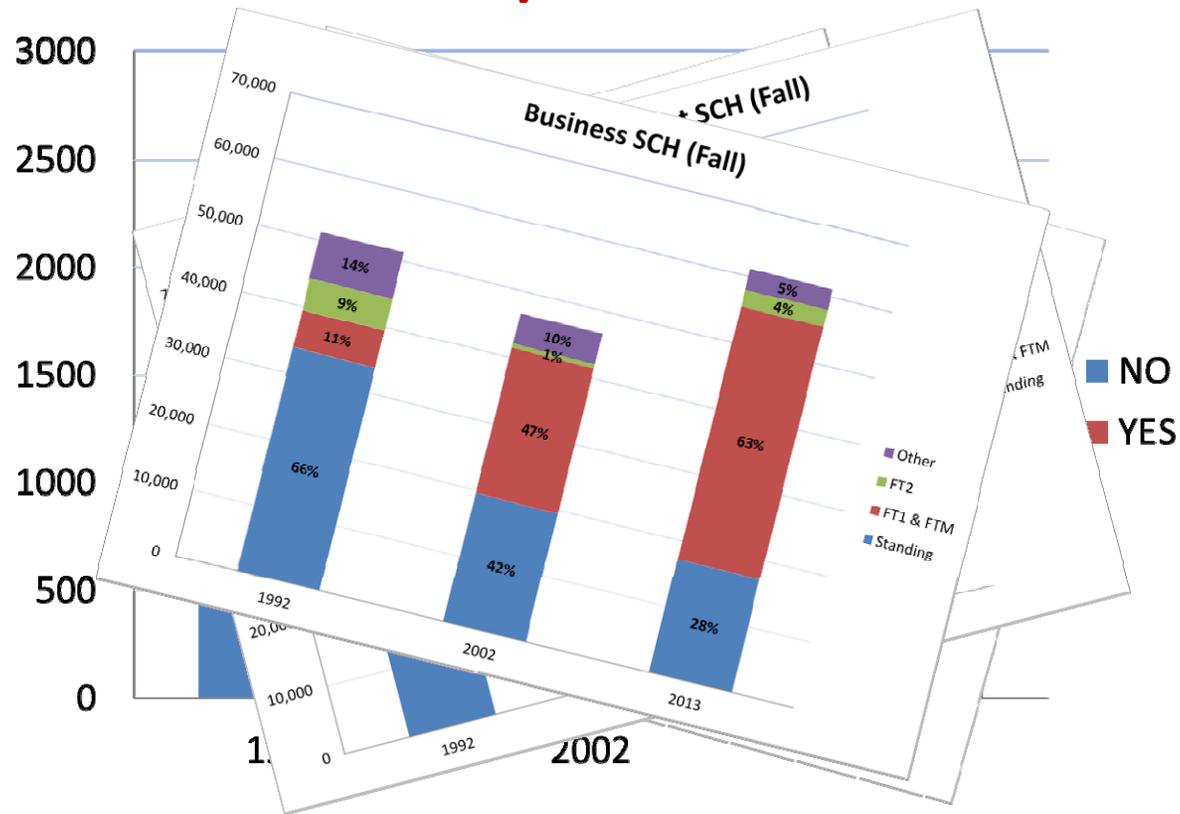
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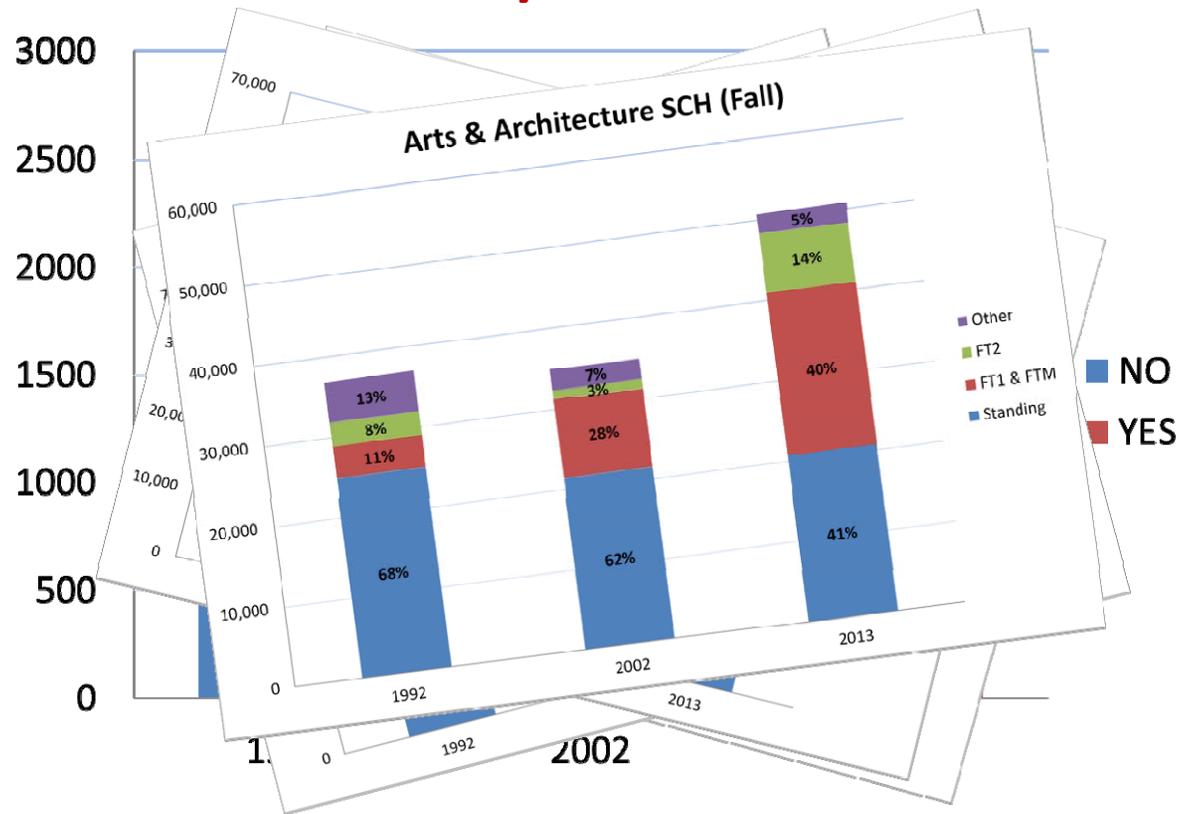
Full-Time Faculty, University-Wide: Tenured/Tenure Track



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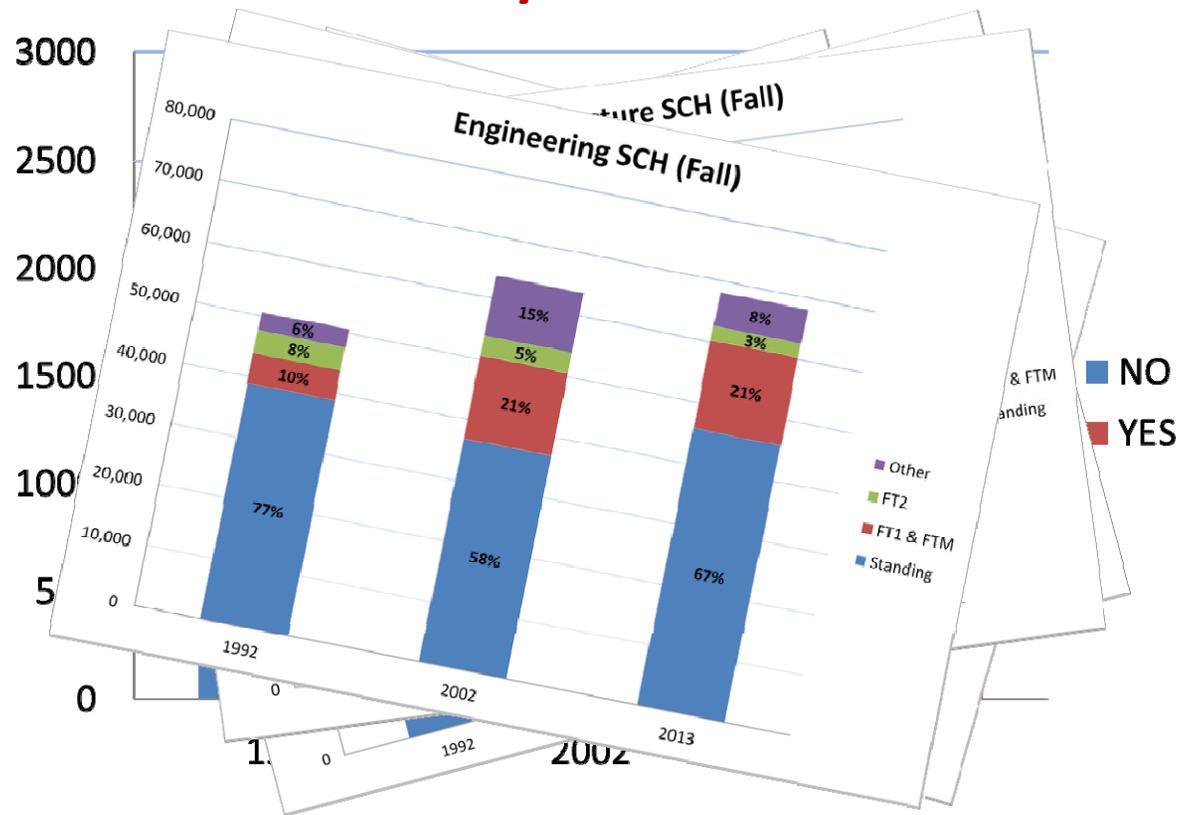
Full-Time Faculty, University-Wide: Tenured/Tenure Track



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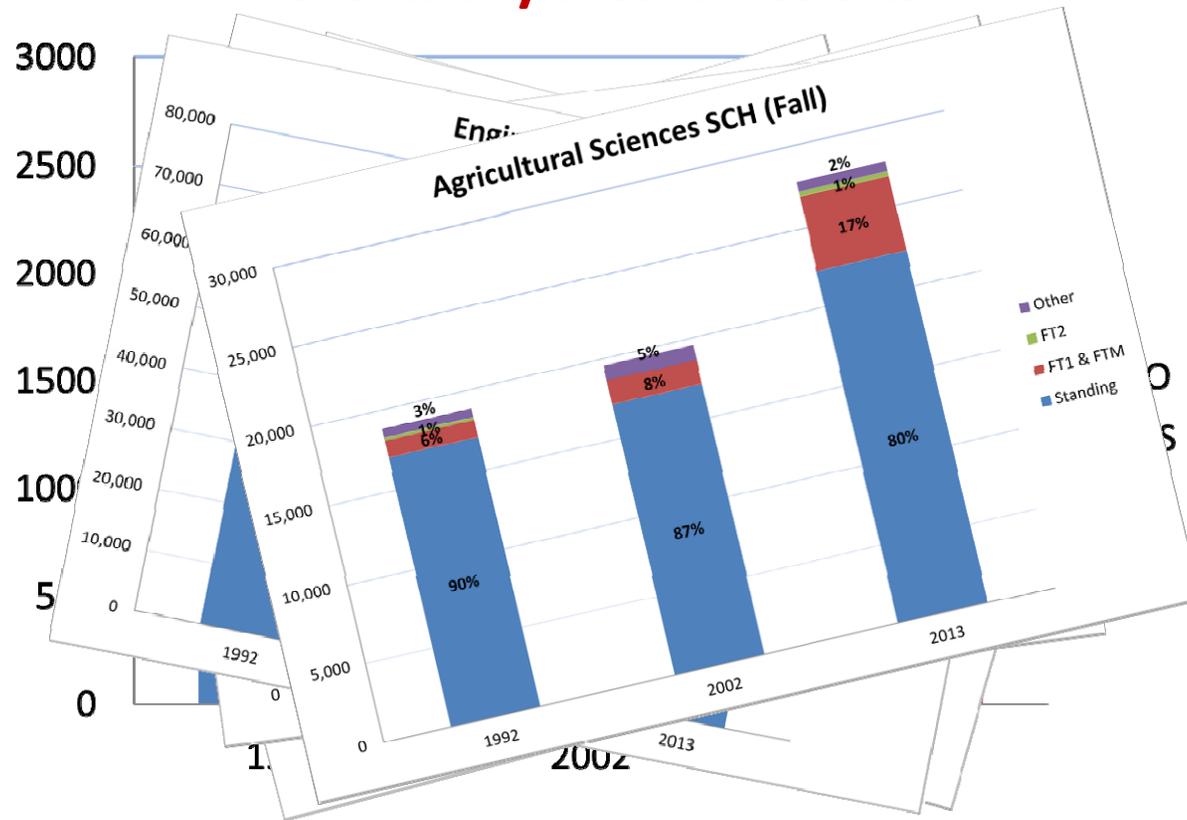
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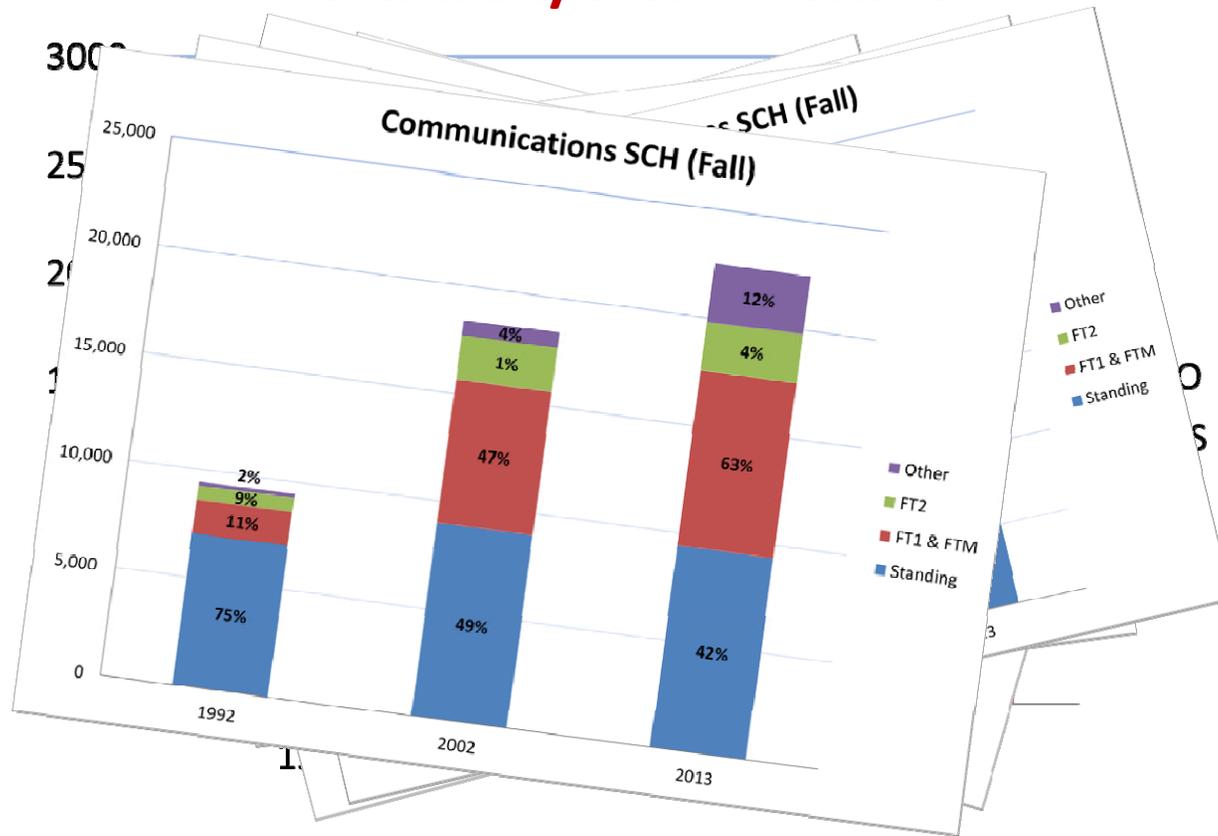
Full-Time Faculty, University-Wide: Tenured/Tenure Track



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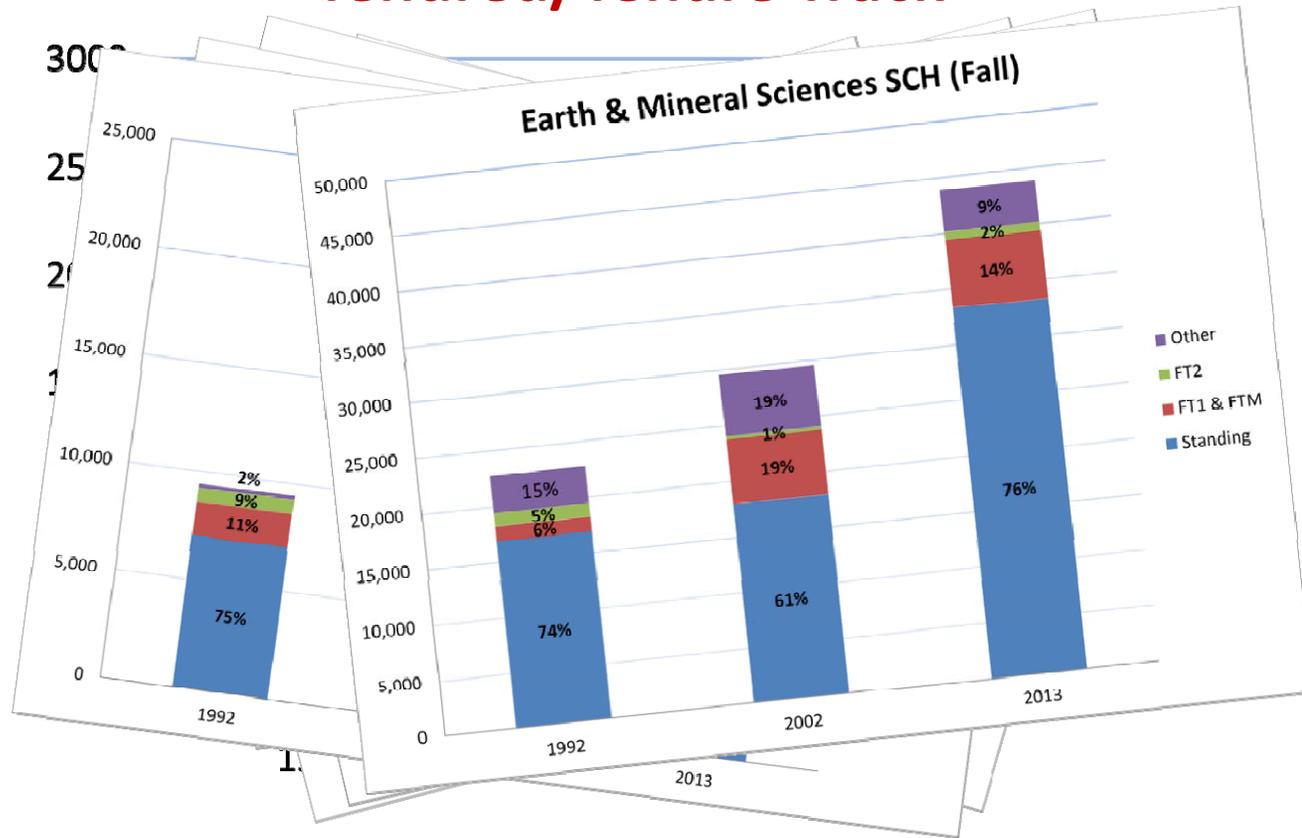
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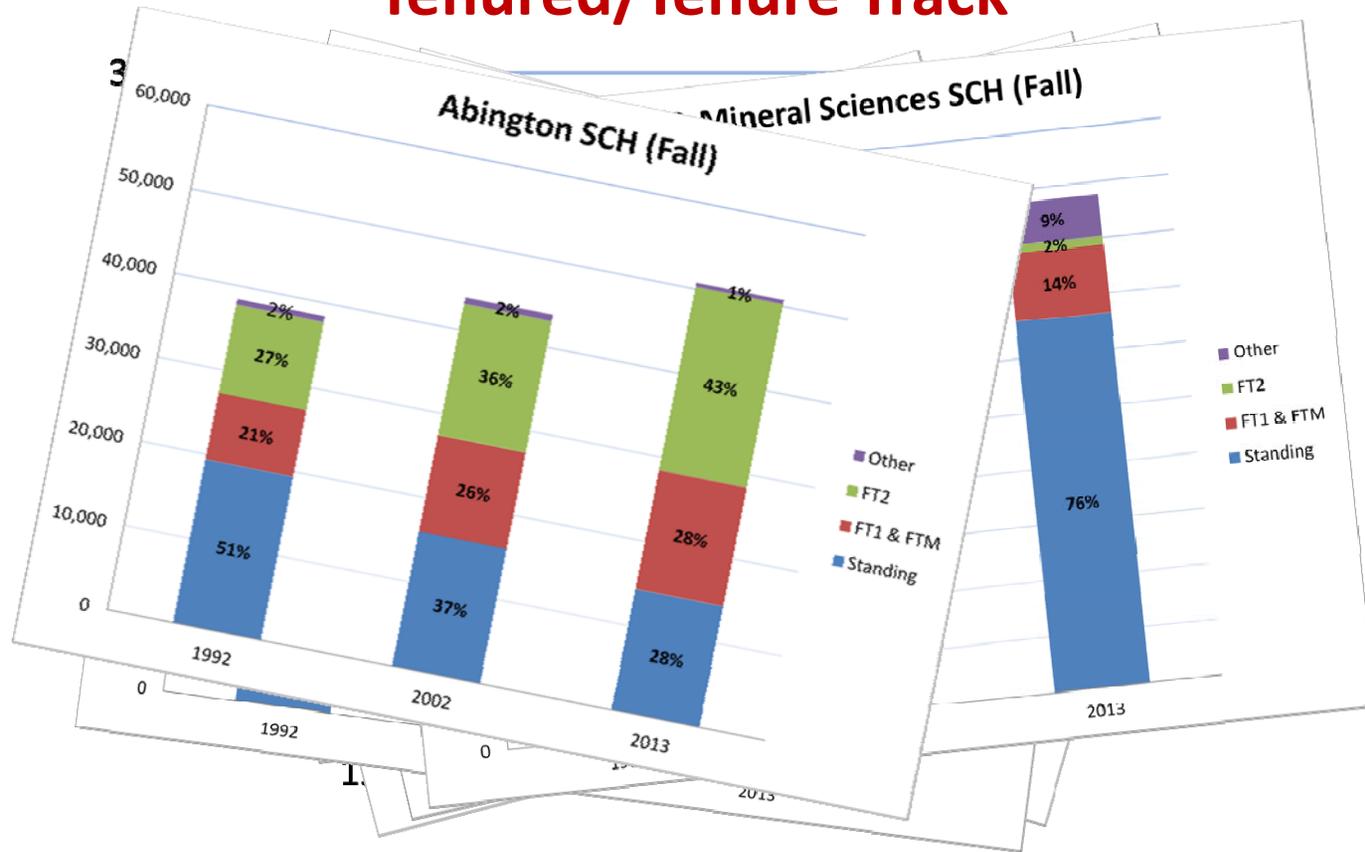
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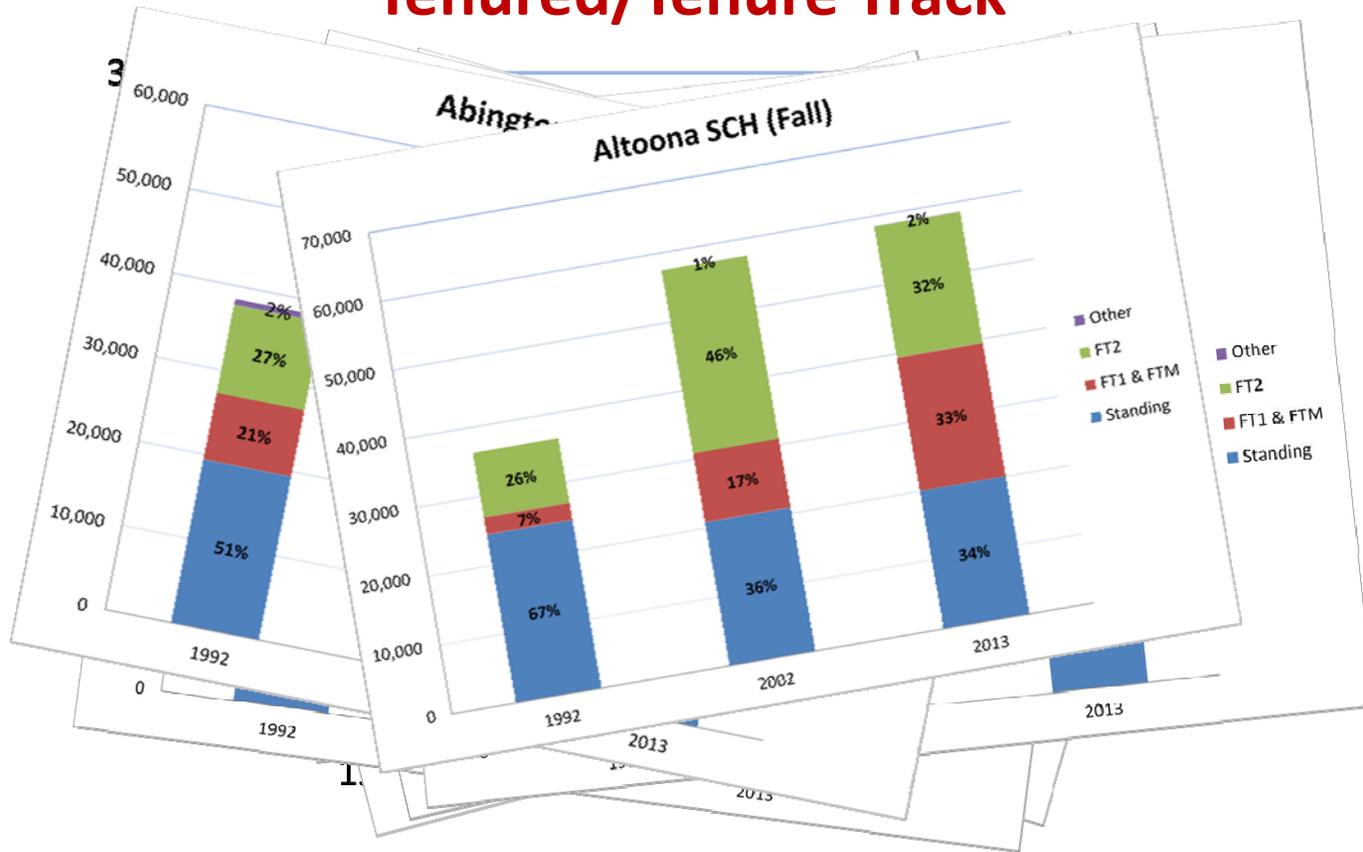
Full-Time Faculty, University-Wide: Tenured/Tenure Track



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Full-Time Faculty, University-Wide: Tenured/Tenure Track



*Excludes Law and Medicine



Discussion



**The Pennsylvania State University
Memorandum**

To: MEMBERS OF THE BOARD OF TRUSTEES
From: Frank T. Guadagnino, Associate General Counsel
Subject: Governance Reform Proposal
Date: 10/31/2014

This memorandum describes the substantive changes to the University's Charter, Bylaws and Standing Orders that would be required to be made in connection with the adoption of the Governance Reform Proposal approved by the Committee on Governance and Long-Range Planning at its meeting on September 18, 2014. I have not identified in this memorandum a number of typographical corrections. Revised drafts of the Charter, Bylaws and Standing Orders, showing the changes that would be required to be made, and redlined to show all of the changes from the documents currently in effect, are also attached. Please feel free to call me directly if you have any questions relating to the documents.

Changes to the Charter

1. The Section entitled "NUMBER OF TRUSTEES" would be revised to provide for a total of 38 members of the Board, 33 voting members and 5 ex officio non-voting members.
2. Paragraph (1) of the Section entitled "MEMBERSHIP OF THE BOARD" would be revised to indicate that the Secretary of Education, the Secretary of Agriculture and the Secretary of Conservation and Natural Resources, the President of The Pennsylvania State University and the Governor of the Commonwealth shall all be *ex officio* **non-voting** members of the Board.
3. Paragraph (3) of the Section entitled "MEMBERSHIP OF THE BOARD" would add a reference to "and former students" to be consistent with the first paragraph under "QUALIFICATIONS OF ELECTORS", which permits certain former students to vote without having obtained a degree.
4. Paragraph (4) of the Section entitled "MEMBERSHIP OF THE BOARD" would be revised to clarify the language regarding election by Agricultural Organizations.

5. A new Paragraph (6) of the Section entitled “MEMBERSHIP OF THE BOARD” would be added to provide for a trustee representing the student body, to be elected by the Board of Trustees.
6. A new Paragraph (7) of the Section entitled “MEMBERSHIP OF THE BOARD” would be added to provide for a trustee representing the faculty of the University, to be elected by the Board of Trustees.
7. A new Paragraph (8) of the Section entitled “MEMBERSHIP OF THE BOARD” would be added to provide for a trustee representing the Penn State Alumni Associations to be added as an ex officio member of the Board, commencing July 1, 2015.
8. A new Paragraph (9) of the Section entitled “MEMBERSHIP OF THE BOARD” would be added to provide for three at-large trustees to be elected by the Board of Trustees.
9. Section (1)(b)(i) of the Section entitled “QUALIFICATIONS OF ELECTORS” would be revised to delete the word “or” and insert the word “and” in order to correct a drafting error.
10. Section (2) of the Section entitled “QUALIFICATIONS OF ELECTORS” would be revised to provide that no individual may represent an agricultural society as a delegate unless such person is a member in good standing of such society.
11. Section (3) of the Section entitled “QUALIFICATIONS OF ELECTORS” would be revised to require that an agricultural society have a minimum of 15 members and have been in existence for not less than 12 months prior to the election in order to participate in the election of trustees.
12. The paragraph under the Section entitled “QUALIFICATIONS OF ELECTORS” entitled “Rules and Regulations” would be moved to its own Section, in order to clarify that the Board of Trustees possesses power to make rules and regulations for the election of members applies to elections for all trustees, not just alumni elected trustees.
13. The Section entitled “TERM OF TRUSTEES” would be revised to provide that the trustee elected to represent the student body and the trustee who serves *ex officio* as the immediate past President of the Penn State Alumni Association shall each have a two year term, except that if the trustee elected to represent the student body ceases to meet all of the criteria set forth in the University’s Bylaws, such trustee’s term shall expire on the date that such trustee no longer meets such criteria. This Section would also be revised to provide that the at-large trustees shall initially be elected for one, two and three year terms, respectively, in order to stagger their terms of office.

14. The Section entitled “EXECUTIVE COMMITTEE” would be revised to provide that the number of members of the executive committee, up to a maximum of 13, would be determined annually by the Chair of the Board of Trustees.

Changes to the Bylaws

1. Changes would be made to Section 2.01 to conform to the changes to be made to the Charter with respect to the number and composition of the members of the Board.
2. A new Section 2.02(b) would be added to add the proposed qualifications of the Student Trustee and the first paragraph would be designated as 2.02(a).
3. Section 2.08 would be revised to delete the reference to “Robert’s Rules of Order” and substitute therefor “rules and procedures adopted by the Board of Trustees from time to time.”
4. Section 3.02 would be revised to provide that the number of members of the executive committee, up to a maximum of 13, would be determined annually by the Chair of the Board of Trustees.
5. Section 3.03(f) would be revised to provide the Committee on Governance and Long-Range Planning with the responsibility to recommend proposed Student and Academic Trustees to the Board for election.
6. Section 3.03(g) would be revised to make the Vice Chair an ex-officio member of all committees and subcommittees.
7. Section 3.03(k)(v) would be added to create a new subcommittee on risk of the committee on audit and risk.
8. Section 5.01(b) would be revised to reflect the change in the annual meeting to July.
9. Section 5.09(c)(iii) would be revised to correctly reflect the change in the title of the Chief Executive Officer of the Office of Investment Management.

Changes to the Standing Orders

1. Standing Order I(2) would be revised to increase the number of nominations needed for nomination in order to be placed on the ballot for alumni elected trustees from 50 to 250.
2. Standing Order I(5) and (11) would be revised to clarify the language and conform to existing practice.

3. Standing Order II would be revised to provide that the Selection Group would be formed in July, to provide that the full Board would have an opportunity to nominate candidates for election and to provide for a process for identifying candidates. In addition, the new language would require the Selection Group, and any trustee submitting a nomination, to maintain the confidentiality of candidates' identities. Finally, the new language requires the Chair of the Board to publicly announce the names of the members of the Selection Group, and requires that the Selection Group report publicly on the number (but not the names) of candidates considered.
4. Standing Order III would be revised to change the process by which delegates to the agricultural trustee election are qualified, authorized and registered. Delegates would have to be members of the organization they represent.
5. Standing Order III would also be revised to require that an agricultural organization must have 15 members in a county and must have been in existence for at least 12 months prior to the election before such organization would be permitted to send delegates to the election to represent such organization in such county. The new language would also require that the secretary or other authorized officer of each agricultural organization provide proof to the Secretary of the Board of Trustees of the authority and eligibility of each delegate sent by such organization to the election.
6. A new Standing Order IV would be added to provide for the process for the nomination and election of the Student Trustee.
7. A new Standing Order V would be added to provide for the process for the nomination and election of the Academic Trustee.
8. A new Standing Order VI would be added to provide for the process for the nomination and election of the at-large trustees.
9. Sections (2) and (3) of Standing Order IV (new Standing Order (VII) would be amended to add a requirement with respect to posting of notices of regular and special meetings on the University's website at the same time that such notices are published in newspapers.
10. Section 13 of former Standing Order IV (new Standing Order VII) would be revised to make clear that attendance at executive sessions of the Board, its Executive Committee, Standing Committees and Special Committees is limited to the voting members of the Board, its Executive Committee, Standing Committees and Special Committees, as the case may be, unless the presiding officer of such session so directs.

11. A new paragraph 3(d) would be added to Standing Order VIII to provide for regular meetings, at least once per semester, attended by the President, the Provost, the Vice President for Administration, the President, Vice President and Secretary of the Faculty Senate and the Chair and Vice Chair of the Board of Trustees, with any of such individuals having the ability to initiate agenda items for any such meeting.

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CORPORATE CHARTER OF THE PENNSYLVANIA STATE UNIVERSITY *

The Charter of The Pennsylvania State University is not in the traditional form of charters of other corporations. This is because no particular form was followed when the institution was created as the Farmers' High School by special act of the legislature of Pennsylvania 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. The original charter has been amended once in the Court of Quarter Sessions of Centre County on May 1, 1862, and in the Court of Common Pleas of Centre County in the following proceedings: No. 235 November Term, 1875; No. 166 April Term, 1892; No. 162 May Term, 1915; No. 130 February Term, 1925; No. 218 February Term, 1951; No. 140 December Term, 1953; No. 211 February Term, 1958; No. 189 October Term, 1959; and No. 192 October Term, 1962. The Charter was further amended by action of the Board of Trustees on November 22, 2002, May 3, 2013, November 22, 2013 ~~and~~, March 7, 2014 ~~and~~ November 14, 2014. Various acts of assembly have been passed which deal with the status and rights of The Pennsylvania State University as the instrumentality of the Commonwealth to perform the essential governmental functions of education, but these do not alter the charter and powers of the institution.

In reality, the charter of The Pennsylvania State University consists of the acts of assembly which properly relate to it as well as all of the decrees of the Court of Centre County above cited. The following are selected paragraphs from these various acts and decrees arranged under traditional headings.

NAME AND PURPOSE OF THE INSTITUTION

There is hereby erected and established, at the place which shall be designated by the authority, and as hereinafter provided, an institution for the education of youth in the various branches of science, learning and practical agriculture, as they are connected with each other, by the name, style, and title of The Pennsylvania State University. (Act of February 22, 1855, P.L. 46, sec. 1, 24 Purd. Comp. Stat. sec. 2531; Decree of the Court of Quarter Sessions of Centre County, May 1, 1862, No. 8, April Sessions, 1862; Decree of the Court of Common Pleas of Centre County, January 26, 1874, No. 238, November Term, 1873; Decree of the Court of Common Pleas of Centre County, Pennsylvania, November 13, 1953, No. 140, December Term, 1953)

MANAGEMENT OF THE INSTITUTION

The said institution shall be under the management and government of the Board of Trustees. (Act of February 22, 1855, P.L. 46, sec. 2, 24 Purd. Comp. Stat. sec. 2532)

INCORPORATION

Said trustees and their successors in office are hereby erected and declared to be a body politic and corporate in law, with perpetual succession, by the name, style, and title of The Pennsylvania State University, by which name and title the said trustees, and their successors, shall be able and capable in law to take by gift, grant, sale or conveyance, by bequest, devise, or otherwise, any estate in any

*For a copy of the original Charter of the University, see pages C-8 through C-11

lands, tenements, and hereditaments, goods, chattels, or effects, and at pleasure to alien or otherwise dispose of the same to and for the use and purpose of the said institution; and the said corporation shall, by the same name, have power to sue and be sued, and generally to do and transact all and every business touching or concerning the premises, or which shall be necessarily incidental thereto, and to hold, enjoy, and exercise all such powers, authorities, and jurisdiction as are customary within the colleges within this Commonwealth. (Act of February 22, 1855, P.L. 46, sec. 3, 24 Purd. Comp. Stat. sec. 2533; Resolution of the Board of Trustees, May 3, 2013)

CORPORATE SEAL

The same trustees shall cause to be made a seal, with such device as they may think proper, and by and with which all the deeds, diplomas, certificates, and acts of the institution shall be authenticated, and they may at their pleasure alter the same. (Act of February 22, 1855, P.L. 46, sec. 4, 24 Purd. Comp. Stat. sec. 2534)

NUMBER OF TRUSTEES

The number of trustees of said institution shall be fixed at thirty-~~two~~eight. (Act of February 22, 1855, P.L. 46, sec. 3, 24 Purd. Comp. Stat. sec. 2533; Decree of the Court of Common Pleas of Centre County, November 22, 1875, No. 235, November Term, 1875; 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 23, 1925, No. 130, February Term, 1925; Decree of the Court of Common Pleas of Centre County, July 19, 1951, No. 218, February Term, 1951; Resolution of the Board of Trustees, November 14, 2014)

MEMBERSHIP OF THE BOARD

- (1) Ex Officio Members: The Secretary of Education, the Secretary of Agriculture ~~and~~ the Secretary of Conservation and Natural Resources ~~of the Commonwealth shall be ex officio voting members of the Board and~~ the President of The Pennsylvania State University and the Governor of the Commonwealth shall be *ex officio* non-voting members of the Board. (Act of February 22, 1855, P.L. 46, sec. 3, 24 Purd. Comp. Stat. sec. 2533; Decree of the Court of Common Pleas of Centre County, November 22, 1875, No. 235, November Term, 1875; Act of June 2, 1893, P.L. 272, sec. 1; 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 23, 1925, No. 130, February Term, 1925; Decree of the Court of Common Pleas of Centre County, July 19, 1951, No. 218, February Term, 1951; Resolution of the Board of Trustees, May 3, 2013; Resolution of the Board of Trustees, November 14, 2014)
- (2) Members Appointed by the Governor: Six trustees shall be appointed by the Governor of the Commonwealth. (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 23, 1925, No. 130, February Term, 1925)
- (3) Members Elected by the Alumni: ~~Nine~~A total of nine trustees shall be elected by ~~the General Alumni Association~~alumni and former students of the University. (Decree of the Court of Common Pleas of Centre County, November 22, 1875, No. 235, November Term,

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1875; 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 23, 1925, No. 130, February Term, 1925; Resolution of the Board of Trustees, November 14, 2014)

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(4) Members Elected by Agricultural Organizations: Six trustees, who shall be members of and represent ~~the following named organized agricultural~~ societies and associations, ~~to of the Commonwealth ("Agricultural Organizations")~~, shall be elected by three delegates from each county in the Commonwealth representing ~~organized agricultural societies or associations of the said county~~ such Agricultural Organizations. (Act of February 22, 1855, P.L. 46, sec. 5, 24 Purd. Comp. Stat. sec. 2535; Decree of the Court of Common Pleas of Centre County, November 22, 1875, No. 235, November Term, 1875; 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 23, 1925, No. 130, February Term, 1925; Decree of the Court of Common Pleas of Centre County, July 19, 1951, No. 218, February Term, 1951; Resolution of the Board of Trustees, November 14, 2014)

(5) Members Elected Representing Business and Industry: Six trustees representing business and industry endeavors shall be elected by the Board of Trustees. (Resolution of the Board of Trustees, November 22, 2002; Resolution of the Board of Trustees, November 14, 2014)

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(6) Member Elected Representing the Student Body. In May 2015 and bi-annually thereafter, a trustee representing the student body shall be elected by the Board of Trustees. (Resolution of the Board of Trustees, November 14, 2014)

(7) Member Elected Representing the Faculty. In May 2015 and every three years thereafter, a trustee representing the faculty of the University shall be elected by the Board of Trustees. (Resolution of the Board of Trustees, November 14, 2014)

(8) Member representing the Penn State Alumni Association. Commencing July 1, 2015, and bi-annually thereafter, the immediate past president of the Penn State Alumni Association shall be an ex officio member of the Board of Trustees. (Resolution of the Board of Trustees, November 14, 2014)

(9) Members Elected by the Board of Trustees. In May 2015 three at-large trustees shall be elected by the Board of Trustees. Thereafter, one at-large trustee shall be elected annually by the Board of Trustees. (Resolution of the Board of Trustees, November 14, 2014)

QUALIFICATIONS OF ELECTORS

(1) Alumni

(a) All graduates who have received a first or bachelor's degree or an advanced degree from the University, and former students (limited to those persons who have satisfactorily passed one semester's or two terms' work, or more, in any University program which requires two years, or more, for completion and which results in a degree) shall be eligible to vote for alumni trustees, at the election next following the year of their graduation or the year following that in which they were no longer

in attendance at the University, subject, however, to the procedure next stated. (Decree of the Court of Common Pleas of Centre County, April 25, 1892, No. 166, April Term, 1892; 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, No. 192, October Term, 1962; Resolution of the Board of Trustees, March 7, 2014)

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(b) Procedure in Conducting Nominations and Elections: Ballots for the nomination and election of alumni to the Board of Trustees of the University shall be sent electronically to:

(i) Electors (qualified as above set forth) who have a valid email address on file in the University's alumni records as of the date of distribution of such ballots, ~~or and~~

(ii) Electors who make individual request, in writing to the University, that such ballots be furnished to them. (Decree of the Court of Common Pleas of Centre County, February 28, 1958, No. 211, February Term, 1958; Resolution of the Board of Trustees, May 3, 2013; Resolution of the Board of Trustees, March 7, 2014; Resolution of the Board of Trustees, November 14, 2014)

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~~(c) Rules and Regulations: The said Board of Trustees is hereby authorized and empowered to make and alter, from time to time, such rules and regulations for the election of all alumni members thereof as it shall deem necessary and expedient for carrying out the purpose of this act.~~

(2) Agricultural Societies Organizations: In case more than one ~~agricultural society~~ Agricultural Organization from a county shall elect delegates, then the delegates ~~so elected~~ from such county shall select three ~~delegates~~ from their number who shall represent ~~the said societies~~ such county. No individual may represent an Agricultural Organization as a delegate unless such person is a member in good standing of such Agricultural Organization. (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 23, 1925, No. 130, February Term, 1925; Resolution of the Board of Trustees, November 14, 2014)

(3) ~~Societies and Associations~~ Agricultural Organizations to Be Organized ~~Three~~ Twelve Months: No ~~society or association, as aforesaid,~~ Agricultural Organization shall be entitled to send delegates unless such Agricultural Organization has at least fifteen (15) members and has been regularly organized and in existence at least ~~threetwelve (12)~~ twelve (12) months preceding the time of the election of trustees. (Act of February 22, 1855, P.L. 46, sec. 5, 24 Purd. Comp. Stat. sec. 2535; Decree of the Court of Common Pleas of Centre County, November 22, 1875, No. 235, November Term, 1875; 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 23, 1925, No. 130, February Term, 1925; Resolution of the Board of Trustees, November 14, 2014)

RULES AND REGULATIONS

The Board of Trustees is hereby authorized and empowered to make and alter, from time to time, such rules and regulations for the election of members thereof as it shall deem necessary and expedient. (Resolution of the Board of Trustees, November 14, 2014)

TIME OF ELECTION

The election of trustees shall be held annually, by ballot, in manner as provided by the Board of Trustees, on such day and hour during Commencement week and on such day previous to the day for the final public exercises of Commencement as from time to time shall be determined by the Board of Trustees. (Act of February 22, 1855, P.L. 46, sec. 5, 24 Purd. Comp. Stat. sec. 2535; Decree of the Court of Common Pleas of Centre County, January 26, 1874, No. 238, November Term, 1873; Decree of the Court of Common Pleas of Centre County, November 22, 1875, No. 235, November Term, 1875; Decree of the Court of Common Pleas of Centre County, April 25, 1892, No. 166, April Term, 1892; Decree of the Court of Common Pleas of Centre County, February 23, 1925, No. 130, February Term, 1925)

NOTICE OF ELECTION

Notice of such date for the election of trustees and of the meeting or meetings to be held for such purpose shall be provided by the Secretary of the Board of Trustees at least sixty days prior to the date of said election to (a) the qualified electors described in Section (1)(b) under "QUALIFICATIONS OF ELECTORS" above, and (b) the societies and associations hereinbefore named shall be sent by the Secretary of the Board of Trustees at least sixty days prior to the date of said election to such agricultural societies or associations as appeared eligible at the next preceding annual election. Such notice shall be also similarly given at least sixty days prior to the date of said election for the election of business and industry trustees. Notice shall also be posted on the University's website at least sixty days prior to the election. (Decree of the Court of Common Pleas of Centre County, February 23, 1925, No. 130, February Term, 1925; Resolution of the Board of Trustees, May 3, 2013)

PLACE OF ELECTION

All elections shall be held at the institution by so many of the electors and alumni above mentioned as shall be present at the regular time for holding elections, under the direction of the Board of Trustees and by ballot, as now provided by law. (Act of February 22, 1855, P.L. 46, sec. 5, 24 Purd. Comp. Stat. sec. 2535; Decree of the Court of Common Pleas of Centre County, November 22, 1875, No. 235, November Term, 1875)

JUDGES OF ELECTION

It shall be the duty of said Board of Trustees to appoint two of their number as judges to hold such election, to receive and count the votes, and return the same to the Board of Trustees with their certificate of the number of votes cast, and for whom, whereupon the said Board shall determine who have received the highest number of votes and who are thereby elected. (Act of February 22, 1855, P.L. 46, sec. 5, 24 Purd. Comp. Stat. sec. 2535)

TERM OF TRUSTEES

~~The~~Except as set forth below, the term of the trustees appointed and elected as aforesaid shall be three years; two of whom shall be appointed by the Governor annually; three of whom shall be elected annually by the alumni of the University ~~annually~~; two of whom shall be elected annually by the delegates representing the agricultural societies and associations, ~~and~~ two of whom shall be elected annually representing business and industry ~~(see pages 3 and 4); and one of whom shall be elected annually at large~~; all of whose terms of office shall begin on the first day of July following their appointment or election, as the case may be. The trustee elected to represent the student body and the trustee who serves ex officio as the immediate past President of the Penn State Alumni Association shall each have a two year term; provided, however, that if the trustee elected to represent the student body ceases to meet all of the criteria set forth in the University's Bylaws, such trustee's term shall expire on the date that such trustee no longer meets such criteria. The three at-large trustees elected in May 2015 shall be elected for staggered terms of one, two and three years, respectively. (Act of February 22, 1855, P.L. 46, sec. 5, 24 Purd. Comp. Stat. sec. 2535; Decree of the Court of Common Pleas of Centre County, November 22, 1875, No. 235, November Term, 1875; Decree of the Court of Common Pleas of Centre County, April 25, 1892, No. 166, April Term, 1892; 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 23, 1925, No. 130, February Term, 1925; Decree of the Court of Common Pleas of Centre County, July 19, 1951, No. 218, February Term, 1951; Resolution of the Board of Trustees, November 14, 2014)

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MEETINGS OF THE BOARD

In addition to the annual meeting of the Board of Trustees at the institution, such other meetings are authorized as may be fixed by the Board by their adjournment from time to time, or be called by the authority of the President and Secretary, in which latter case notice shall be given to each and every member of the Board at least three days prior to the time of meeting, which said meetings shall take place and be in lieu of those provided by the sixth section of the Act of the twenty-second of February, A.D. 1855. (Act of February 22, 1855, P.L. 46, sec. 6, 24 Purd. Comp. Stat. sec. 2541; Decree of the Court of Common Pleas of Centre County, November 22, 1875, No. 235, November Term, 1875; Resolution of the Board of Trustees, May 3, 2013)

COMPENSATION OF TRUSTEES

Members of the Board of Trustees serve as volunteers and shall not be 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. (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)

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 up to thirteen (13) members, the number to be determined annually at the discretion of the Chair of the Board of Trustees, 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 (or, if such chair is not a voting member of the Board of Trustees, a member of the Board of Directors of The Milton S. Hershey Medical Center who is also a voting member of the Board of Trustees), the immediate past chair of the Board of Trustees, and such number of at-large members nominated by the Governance and Long-Range Planning Committee and elected by the Board of Trustees as may be ~~necessary to have an Executive Committee of thirteen (13) members determined by the Chair~~. 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~~non-voting 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, November 22, 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 two hundred acres, upon which they shall procure such improvements and alterations to be made as will make it an institution properly adapted to the instruction of youth in the art of farming according to the

meaning and design of this act. (Act of February 22, 1855, P.L. 46, sec. 6, 24 Purd. Comp. Stat. sec. 2541; Resolution of the Board of Trustees, May 3, 2013)

PRINCIPAL AND FACULTY

[Deleted]. (Act of February 22, 1855, P.L. 46, sec. 6, 24 Purd. Comp. Stat. sec. 2541; Resolution of the Board of Trustees, May 3, 2013)

BYLAWS, ORDINANCES, AND RULES

The Board shall have power to pass all such bylaws, ordinances, and rules as the good government of the institution shall require, and therein to prescribe what shall be taught to the pupils, and generally to do and perform all such administrative acts as are usually performed by and within the appropriate duty of a Board of Trustees, and shall, by a Secretary of their appointment, keep a minute of the proceedings and action of the Board. (Act of February 22, 1855, P.L. 46, sec. 6, 24 Purd. Comp. Stat. sec. 2541; Resolution of the Board of Trustees, ~~may~~May 3, 2013)

SUBJECTS TO BE TAUGHT

It shall be the duty of the Board of Trustees as soon as and as often as the exigencies of the case may require, in addition to the principal, to employ such other professors, teachers, or tutors as shall be qualified to impart to pupils under their charge a knowledge of the English language, grammar, geography, history, mathematics, chemistry, and such other academic disciplines as may be deemed appropriate from time to time. (Act of February 22, 1855, P.L. 46, sec. 7, 24 Purd. Comp. Stat. sec. 2542; Resolution of the Board of Trustees, May 3, 2013.)

AN ACT TO INCORPORATE THE FARMERS' HIGH SCHOOL OF PENNSYLVANIA[†]

Section 1. Be it enacted by the Senate and House of Representatives of the Commonwealth of Pennsylvania in General Assembly met, and it is hereby enacted by the authority of the same, that there be and is hereby erected and established, at the place which shall be designated by the authority, and as hereinafter provided, an institution for the education of youth in the various branches of sciences, learning, and practical agriculture, as they are connected with each other, by the name, style, and title of the Farmers' High School of Pennsylvania.

Section 2. That the institution shall be under the management and government of a board of trustees, of whom there shall be thirteen, and seven of whom shall be a quorum, competent to perform the duties hereinafter authorized and required.

Section 3. That the Governor, Secretary of the Commonwealth, the president of the Pennsylvania State Agricultural Society, and the principal of the institution, shall each be ex-officio a member of the board of trustees, and they, with Dr. Alfred L. Elwyn and Algernon S. Roberts, of the city of Philadelphia; H. N. McAllister, of the county of Centre; R. C. Walker, of the county of Allegheny; James Miles, of the county of Erie; John Strohm, of the county of Lancaster; A. O. Hiester, of the county of Dauphin; William Jessup, of the county of Susquehanna, and Frederick Watts, of the county of Cumberland, shall constitute the first Board of Trustees; which said trustees and their successors in office, are hereby erected and declared to be a body politic and corporate in law, with perpetual succession, by the name, style, and title of the Farmers' High School of Pennsylvania, by which name and title the said trustees, and their successors, shall be able and capable in law to take by gift, grant, sale, or conveyance, by bequest, devise, or otherwise, any estate in any lands, tenements, and hereditaments, goods, chattels, or effects, and at pleasure to alien or otherwise dispose of the same to and for the use and purpose of the said institution: Provided, however, That the annual income of the said estate so held, shall at no time exceed twenty-five thousand dollars; and the said corporation shall, by the same name, have power to sue and be sued, and generally to do and transact all and every business touching or concerning the premises, or which shall be necessarily incidental thereto, and to hold, enjoy, and exercise all such powers, authorities, and jurisdiction as are customary within the colleges within this Commonwealth.

Section 4. That the same trustees shall cause to be made a seal, with such device as they may think proper, and by and with which all the deeds, diplomas, certificates and acts of the institution shall be authenticated, and they may at their pleasure alter the same.

Section 5. That at the first meeting of the board of trustees, the nine named, who are not ex-officio members, shall, by themselves and by lot, be divided into three classes of three each, numbered one, two, and three; the appointment hereby made of class number one, shall terminate on the first Monday of October, one thousand eight hundred and fifty-six; number two on the first Monday of October, one thousand eight hundred and fifty-seven, and number three on the first Monday of October, one thousand eight hundred and fifty-eight; and upon the termination of such office of such directors, to wit: On the first Monday of October in every year an election shall be held at the institution to supply their place, and such election shall be determined by the votes of

[†] Act of February 22, 1855, P.L. 46, sec. 1, 24 Purd. Comp. Stat.

the members of the executive committee of the Pennsylvania State Agricultural Society, and the votes of three representatives duly chosen by each county agricultural society in this Commonwealth which shall have been organized at least three months preceding the time of election, and it shall be the duty of said board of trustees to appoint two of their number as judges to hold such election, to receive and count the votes, and return the same to the board of trustees with their certificate of the number of votes cast, and for whom, whereupon the said board shall determine who have received the highest number of votes, and who are thereby elected.

Section 6. That 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 two hundred acres, and not exceeding two thousand acres, upon which they shall procure such improvements and alterations to be made, as will make it an institution properly adapted to the instruction of youth in the art of farming according to the meaning and design of this act. They shall select and choose a principal for said institution, who, with such scientific attainments and capacity to teach as the board shall deem necessary, shall be a good practical farmer; he, with such other persons as shall, from time to time, be employed as teachers, shall comprise the faculty, under whose control the immediate management of the institution, and the instruction of all the youth committed to its care shall be, subject, however, to the revision and all the orders of the board of trustees; there shall be a quarterly meeting of the board of trustees at the institution, and as much oftener as shall be necessary, and they shall determine; the board shall have power to pass all such bylaws, ordinances, and rules as the good government of the institution shall require, and therein to prescribe what shall be taught to and what labor performed by the pupils, and generally to do and perform all such administrative acts as are usually performed by and within the appropriate duty of a board of trustees, and shall, by a secretary of their appointment, keep a minute of the proceedings and action of the board.

Section 7. That it shall be the duty of the board of trustees as soon and as often as the exigencies of the case may require, in addition to the principal, to employ such other professors, teachers, or tutors as shall be qualified to impart to pupils under their charge a knowledge of the English language, grammar, geography, history, mathematics, chemistry, and such other branches of natural and exact science as will conduce to the proper education of a farmer; the pupils shall, themselves, at such proper times and seasons as shall be prescribed by the board of trustees, perform all the labor necessary in the cultivation of the farm, and shall thus be instructed and taught all things necessary to be known by a farmer.

Section 8. That the board of trustees shall annually elect a treasurer, who shall receive and disburse the funds of the institution, and perform such other duties as shall be required of him, and from whom they shall take such security for the faithful performance of his duty as necessity shall require; and it shall be the duty of said board of trustees, annually, on or before the first of December, to make out a full and detailed account of the operations of the institution for the preceding year, and an account of all its receipts and disbursements, and report the same to the Pennsylvania State Agricultural Society, who shall embody said report in the annual report which, by existing laws, the said society is bound to make and transmit to the Legislature on or before the first Monday of January each and every year.

Section 9. That it shall be lawful for the Pennsylvania State Agricultural Society to appropriate, out of their funds to the object of this act, a sum not exceeding ten thousand dollars, whenever the same shall be required, and to make such further appropriations, annually, out of their funds, as will aid in the prosecution of this object, and it shall be the duty and privilege of said society, at such time as they shall deem expedient by their committee, officers, or otherwise, to visit the said institution and examine into the details of its management.

Section 10. That the act to incorporate the "Farmers' High School of Pennsylvania," approved the thirteenth day of April, Anno Domini, one thousand eight hundred and fifty-four, be and the same is hereby repealed.

APPROVED -- The twenty-second day of February, A.D., 1855.

James Pollock

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AMENDMENTS TO THE CHARTER

This original charter has been amended a number of times. The major amendments are listed below.

05/01/1862	Name changed to The Agricultural College of Pennsylvania
01/26/1874	Name changed to The Pennsylvania State College
11/22/1875	Number of trustees increased to 23, providing for first trustees elected by alumni, and providing for participation of the mining and manufacturing associations in the Commonwealth in the election of trustees
04/25/1892	Changed date of annual election and beginning of term of office of elected trustees; specified right of alumni to vote would begin three years after graduation
03/24/1905	Number of trustees increased to 32 providing for 6 trustees to be appointed by the Governor and increasing to 9 the number elected by the alumni. Term of elected trustees to begin July 1; officers to be elected annually and an executive committee of not less than 3 nor more than 7 members to act during intervals between Board meetings
06/15/1915	Number of trustees decreased to 31 (the President of the State Agricultural Society and the Secretary of the State Board of Agriculture were replaced by the Secretary of Agriculture). Specified method of election of trustees by delegates from county agricultural and industrial interests
02/23/1925	Election of trustees to be held on such day and hour during commencement week as the Board may from time to time determine
06/24/1939	Increased number of trustees to 32 by adding the Secretary of Mines
07/19/1951	Separated the 12 trustees elected by delegates into two groups -- 6 to be elected by delegates from county agricultural societies and 6 to be elected by delegates from county industrial societies
11/13/1953	Name changed to The Pennsylvania State University
02/28/1958	Specified qualifications of electors of alumni trustees and procedures in conducting alumni elections; provided for an executive committee of nine members
09/23/1959	Provided for an executive committee of not less than 7 nor more than 11 members

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09/28/1962 Amended procedure for alumni elections as a result of the term system

11/22/2002 Discontinued provision for election of trustees from county industrial interests; specified election of trustees representing business and industry endeavors

05/03/2013 Significant changes regarding ex officio membership, responsibilities of officers, membership of the executive committee, requisite notice for meetings and manner of delivery and notice for election materials

11/22/2013 Revised the composition and method of selection of the executive committee.

03/07/2014 Amended the procedure for electronic distribution of ballots in connection with the alumni elections.

11/22/200214/2014 ~~Discontinued provision for election of trustees from county industrial interests; specified election of trustees representing business and industry endeavors~~

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Made the Secretary of Agriculture, the Secretary of Education and the Secretary of Conservation and Natural Resources *ex officio* non-voting members of the Board; added the immediate past president of the Penn State Alumni Association as an ex officio member of the Board; provided for the election of a student trustee, an academic trustee and three at-large trustees; amended provisions relating to the election of trustees representing agricultural interests; provided for the terms of office for the student trustee, academic trustee and at-large trustees; changed the composition of the executive committee.

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GOVERNANCE PROPOSAL
October 30, 2014

AMENDED AND RESTATED

BYLAWS

of

THE PENNSYLVANIA STATE UNIVERSITY

Adopted [November ~~22, 2013~~14, 2014]

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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 fixed at thirty-two (32)-eight (38), as set forth herein.

~~(i) Ex Officio Voting Members.~~ Ex Officio Non-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)(i) 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.

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

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

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

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

(vi) Each Trustee shall serve for a term of three (3) years. A Member Elected Representing the Student Body. In May 2015 and bi-annually thereafter, a trustee representing the student body (the "Student Trustee") shall be elected by the Board of Trustees.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

report to the Board of Trustees may be brought before the Board of Trustees for consideration at the request of any Trustee.

(c) Matters Appropriate to More Than One Committee or Subcommittee.

Except as otherwise provided in these Bylaws, matters determined to be appropriate for consideration by more than one committee or subcommittee may be referred by the Chair of the Board of Trustees to one committee or subcommittee or more.

(d) Final Authority of the Board.

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

(e) Specific Responsibility of Standing Committees.

The several standing committees are charged specifically with the immediate care and supervision of the subject matters respectively indicated by and properly relating to their titles.

(f) Standing Committees Established.

The following shall be the standing committees of the Board of Trustees:

(i) Committee on Academic Affairs and Student Life.

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

- (1)** the educational policies and programs of the University, including the long-range educational development of the University;
- (2)** the faculty;

(3) educational policy matters pertaining to instruction, research, and continuing education; and

(4) all phases of student life.

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

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

(2) endowments, gifts, and fund raising;

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

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

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

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

- a. reviewing and recommending to the Board any changes to the expectations of membership and code of conduct for all trustees, including trustees emeriti;
- b. recommending to the Board of Trustees candidates for election to membership on the Executive Committee;
- c. recommending to the Board of Trustees proposed Student and Academic Trustees;
- ~~e.d.~~ reviewing the service of a Trustee upon retirement; ~~and~~
- ~~d.e.~~ evaluating and making recommendations on the working effectiveness of the Board and its committees; and
- f. evaluating, recommending and reporting on the qualifications and skill sets to be considered in the process of nominating board of trustee candidates.

(2) in fulfillment of its long-range planning responsibilities:

- a. charge and support the chief executive with leading a strategic planning process, participating in that process, approve the strategic plan, and monitoring its progress; and

- b.** ensure the growth, development, and sustainability of the University for future generations in order to achieve its full potential as one of the world's great universities.

(iv) Committee on Audit and Risk. The committee shall consist of not less than five (5) appointive members, in addition to the ex officio members, and shall oversee the auditing of the University's financial statements and internal controls as set forth more fully in the operating guidelines of the committee. In fulfilling its responsibility, the committee on audit and risk shall consider and report or recommend to the Board of Trustees on matters pertaining to:

- (1)** regular and special audits; and
- (2)** the identification and management of risks including financial, material, and reputational.

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

(vi) Committee on Outreach, Development and Community Relations. The committee on outreach, development and community relations shall consist of not less than five (5) appointive members, in addition to the ex officio members and shall, in concert with the University's leadership, engage regularly with the University's major constituents including the faculty, staff, students, alumni, supporters, relevant state and local

government agencies and officials, business leaders and the public. It shall assume such additional responsibilities as may from time to time be assigned by the Chair of the Board of Trustees with the approval of the Board of Trustees including, but not limited to:

- (1) Educating constituents about the role and responsibilities of the Board of Trustees;
- (2) Communicating the value of the University to all constituents at all locations; and
- (3) Developing short and long term communication plans consistent with University priorities.

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

- (1) Changes to the executive compensation philosophy and strategy;
- (2) Significant changes in executive compensation and benefit programs and policies;
- (3) An annual review and approval of the President's personal goals and objectives, performance and annual compensation, including salary and incentive compensation, if applicable; and

~~(4)~~ ~~—————~~ ~~(4)~~ Any additional items or actions brought to the Board of Trustees

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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~~members of all standing committees, of all special committees and of all subcommittees. No Trustee shall serve as chairperson of any standing committee for more than five (5) consecutive years, except as specifically approved by a two-thirds vote of the Board of Trustees. Members of the subcommittees, and the chairperson and vice chairperson thereof, shall be appointed by the chair of the standing committee of which the subcommittee is a part, after consultation with the Chair of the Board of Trustees.

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

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

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

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

(i) The subcommittee on architect/engineer selection (of the committee on finance, business and capital planning) shall be composed of three members of the committee on finance, business and capital planning. When it becomes necessary for the

Board of Trustees to appoint an executive architect or engineer for major University physical plant projects, University staff will prepare a list of not less than three nor more than five firms for consideration by the subcommittee. The qualifications of these firms to perform this particular professional activity as well as background information regarding the type of firm and previous professional work will be presented to the subcommittee. Based on this information, and upon any recommendation that may be forthcoming from a program committee, and any additional information the subcommittee may request, the subcommittee, after discussion with the staff, will recommend to the committee on finance, business and capital planning, the firm that they recommend the Board of Trustees should appoint.

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

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

employees, as well as diversity and inclusion. The subcommittee shall be responsible for a review of compensation policies and practices.

(iv) The subcommittee on legal (of the committee on legal and compliance) shall be composed of up to five members of the committee on legal and compliance. This subcommittee shall be responsible for reviewing matters pertaining to compliance, oversight and legal issues as legally or otherwise prescribed, including but not limited to litigation strategies and other matters as prescribed by the subcommittee's charter.

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

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

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

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

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

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

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

ARTICLE IV

LIABILITY AND INDEMNIFICATION

Section 4.01 Personal Liability of Trustees.

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

(b) **Nature and Extent of Rights.** The provisions of this Section shall be deemed to be a contract with each Trustee of the University who serves as such at any time while this Section is in effect and each such Trustee shall be deemed to be so serving in reliance on the

provisions of this Section. Any amendment or repeal of this Section or adoption of any Bylaw or provision of the Articles of the University which has the effect of increasing Trustee liability shall operate prospectively only and shall not affect any action taken, or any failure to act, prior to the adoption of such amendment, repeal, Bylaw or provision.

Section 4.02 Indemnification.

(a) Right to Indemnification.

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

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

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

person who is not a Trustee or officer of the University shall be indemnified in respect of his or her service to the University pursuant to this paragraph.

(iv) As used in this Section, “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~~July to serve for a period of one year and until their successors are chosen according to these Bylaws.

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

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

(e) Officers of the University. The executive officers of the University shall be the President, one or more Vice Presidents as the Board of Trustees may from time to time determine, an associate secretary, three assistant secretaries, a Treasurer, and three assistant

treasurers, all of whom shall be elected by the Board of Trustees. Except for the office of the President and Secretary, any two or more offices may be held by the same person. Each executive officer shall hold office at the pleasure of the Board of Trustees, or until his or her death or resignation.

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

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

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

Section 5.04 The President. The President of the University shall be the chief executive officer of the University. Subject to the control of the Board of Trustees, the President shall have general supervision of and general management and executive powers over all the property, operations, business, affairs and employees of the University, and shall see that the policies and programs adopted or approved by the Board of Trustees are carried out. The President shall exercise such further powers and duties as from time to time may be prescribed in these Bylaws or by the Board of Trustees. The President of the University, as chief administrative officer, shall carry out all orders and directives of the Board of Trustees and shall administer all policies of the Board of Trustees, as well as the policies established by him or her and by the faculty. The President may delegate such administrative authority as he or she deems appropriate to his or her staff, to the Treasurer, to the deans of the various academic units, and to others, who shall exercise such delegated authority in the name of the President. The establishment of senior administrative positions responsible directly to the President and the determination of the functions of such positions shall be made by the President of the University. All administrative officers with the title of vice president or dean shall be appointed by the President, subject to the approval of the Board of Trustees. Removal of such administrative officers with the title of vice president or dean shall be made by the President and, in such event, the President shall inform the Board of

Trustees of such removal at the next regular meeting of the Board. The President, as chief policy officer, shall have final authority, subject to the revisions and orders of the Board of Trustees, to establish policy concerning educational policy and planning, student affairs, the instructional program, courses and curricula, personnel, admissions, graduation requirements, scholarships and honors, calendar requirements, business, planning, research, and finance; provided, however, that the President shall delegate to the faculty, as appropriately organized, subject to the orders of the President, the authority to establish policy concerning the approval and supervision of the instructional program, including courses and curricula, academic admission standards, graduation requirements, and scholarships and honors. The President shall consult with the faculty, as appropriately organized, in the establishment of policy concerning educational policy and planning, including general admissions policy, calendar, academic personnel, student affairs, and any other matter he or she shall deem appropriate. In addition, the President shall consult with the student body, as appropriately organized, in the area of student affairs.

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

Section 5.06 The Secretary, Associate Secretary and Assistant Secretaries. It shall be the duty of the Secretary (a) to keep an original or duplicate record of the proceedings of the Board of Trustees, and a copy of the Charter and of the Bylaws; (b) to give such notices as

may be required by law or these Bylaws; (c) to be custodian of the corporate records and of the seal of the University and see that the seal is affixed to such documents as may be necessary or advisable; and (d) to exercise all powers and duties incident to the office of Secretary; and such further powers and duties as from time to time may be prescribed in these Bylaws or by the Board of Trustees or the President. The Associate Secretary and the assistant secretaries shall assist the Secretary in the performance of his duties and shall also exercise such further powers and duties as from time to time may be prescribed by the Board of Trustees, the President or the Secretary. At the direction of the Secretary or in his or her absence or disability, the Associate Secretary shall exercise the powers and duties of the Secretary.

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

and records of account of all the University's business and transactions; and (i) to exercise all powers and duties incident to the office of Treasurer; and such further duties from time to time as may be prescribed in these Bylaws or by the Board of Trustees or the President. The assistant treasurers shall assist the Treasurer in the performance of his or her duties and shall also exercise such further powers and duties as from time to time may be prescribed by the Board of Trustees, the President or the Treasurer. At the direction of the Treasurer or in his absence or disability, an assistant treasurer shall exercise the powers and duties of the Treasurer.

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

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

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

(i) Basic University Organization and Policy

(1) Amendments to the Charter, Bylaws and Standing Orders;

(2) All reports of standing or special committees of the University's

Board of Trustees;

(3) All major modifications of educational policy;

(4) Authorization to grant degrees to graduates;

(5) The determination of the major goals of the University, including the establishment and review of long-range plans for the educational, financial and physical development of the University; and

(6) University intellectual property policy.

(ii) Fiscal Matters

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

(2) Annual operating budgets and changes in the approved totals, state appropriation requests, and appropriation of building funds unappropriated;

(3) Acceptance of gifts, bequests, grants, fellowships, scholarships, loan funds that are not in accord with established policy;

(4) Establishment of, or changes in, fees including tuition, room and board;

(5) Authorization to borrow money; authorization of persons to sign checks, contracts, legal documents, and other obligations, and to endorse, sell, or assign securities; and

(6) Selection of a firm to make annual audit of University accounts.

(iii) Physical Plant

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

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

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

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

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(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

(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 Chief Executive Director, Officer of the Office of Investment Management, or in his absence, the Chief Investment Officer, is hereby fully authorized and empowered on behalf of the University to transfer and endorse, sell, assign, set over

and deliver any and all shares of stock, bonds, debentures, notes or other securities now or hereafter standing in the name of or owned by this University, and to make, execute, acknowledge, and deliver, under the corporate seal of this University, any and all written instruments necessary or proper to effectuate the authority hereby conferred.

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

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

ARTICLE VI

MISCELLANEOUS CORPORATE TRANSACTIONS AND DOCUMENTS

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

authority to any other person or persons if authorized to do so by the Board of Trustees, which authority may be general or confined to specific instances. Facsimile signatures on checks may be used if authorized by the Board of Trustees.

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

ARTICLE VII

GENERAL PROVISIONS

Section 7.01 Offices. The principal business office of the University shall be located at 201 Old Main, University Park, Pennsylvania 16802. The University may also have offices at such other places within or without the Commonwealth of Pennsylvania as the business of the University may require.

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

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

Section 7.04 Private Inurement. No part of the net earnings of the University shall inure to the benefit of, or be distributable to, its Trustees, officers or other private persons, except that the University shall be authorized and empowered to pay reasonable compensation for

services rendered and to make payments and distributions in furtherance of the purposes set forth in these Bylaws and the University's Charter.

ARTICLE VIII

CONFLICTS OF INTEREST

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

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

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

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

(d) **Related Entity.** A “related entity” means a corporation, partnership, association or other entity where the Trustee or family member serves as an officer, director, partner or employee; expects to receive \$5,000 or more in compensation for services in a calendar

year; holds any equity in a non-publicly traded entity; or holds an interest of 5% or more in a publicly traded entity.

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

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

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

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

Section 8.03 Annual Disclosure. In addition to other annual disclosures required by law or policy, each Trustee must disclose annually and in writing to the Secretary of the Board all conflicts of interest that are known to such Trustee. The annual disclosures of known conflicts of interest will be publicly available upon request.

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

Section 8.05 Contracts or Transactions with the University. (a) A contract or transaction between the University and a Trustee, family member or an entity in which a Trustee or family member has a beneficial interest of ten percent (10%) or more and the contract or transaction is valued at \$10,000 or more must be approved by the Board of Trustees in accordance

with this Section. The University official responsible for the matter must first conclude that it is in the best interests of the University to consider entering into such a contract or transaction. In circumstances where the Trustee, family member or related entity is purchasing goods or services from the University, as opposed to selling such goods or services, the matter is presumptively in the University's interests if the price is fair and reasonable and the contract or transaction does not foreclose a similar transaction with another individual or entity. In other circumstances where the University is purchasing goods or services, the officer must first explore alternatives that do not involve an interest of the Trustee, family member or entity in which the Trustee or family member owns a beneficial interest of ten percent (10%) or more. If, after exercising such due diligence, the official determines that it is in the best interests of the University to proceed, the matter must be submitted to the Board for approval. The written materials submitted to the Board shall include a description of the contracting process, including the use of open and public bidding if possible and practical, and the official's analysis of why it is in the best interests of the University to proceed with the agreement or relationship. The interested Trustee shall leave the meeting during the discussion and voting. The Board shall determine by a majority vote of the disinterested Trustees whether the transaction or arrangement is in the University's best interests, the price and value provided are fair and reasonable to the University and whether to approve the transaction or arrangement. Any such decision shall be recorded in the minutes, which shall be publicly available.

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

officers of the University that such contracts or transactions were made in the normal course of business and were fair to the University.

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

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

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

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

Section 8.10 Pre-Existing Contract or Transaction. A contract or transaction that would be required to be disclosed under this Article but which was entered into before the interested Trustee assumed office, or which became subject to this Article as a result of

amendments to the Article, and which remains to be performed in whole or in part, shall be disclosed by the Trustee pursuant to Section 8.03 but is not subject to the voting and other requirements of this Article.

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

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

Section 8.13 Disclosure of Potential Conflict of Interest by Employees of the University. Employees of the University shall exercise the utmost good faith in all transactions touching upon their duties to the University and its property. In their dealings with and on behalf of the University, they shall be held to a strict rule of honest and fair dealings between themselves and the University. They shall not use their positions, or knowledge gained therefrom, in such a way that a conflict of interest might arise between the interest of the University and that of the individual. Employees shall disclose to the administrative head of the college or other unit in which they are employed, or other appropriate superior officer, any potential conflict of interest which they are aware before a contract or transaction is consummated. This bylaw shall be published to the University community at least once annually.

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

ARTICLE IX

AMENDMENTS

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

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STANDING ORDERS OF THE BOARD OF TRUSTEES

ORDER I. PROCEDURES FOR THE ELECTION OF TRUSTEES BY ALUMNI (see also the Charter)

- (1) Date of Election. Elections for alumni members of the Board of Trustees shall be held each year on the day preceding the annual Commencement, under the direction of two judges annually appointed for that purpose by the Chair of the Board of Trustees, and may be held either in connection with the Delegate Convention for the election of other members of the Board, or at such other hour of the same day, and such other place, as the Chair of the Board of Trustees may from time to time direct.
- (2) Nominations. The Secretary of the Board of Trustees, or such other officer as may be from time to time designated by the Chair of the Board of Trustees, shall send to each qualified elector, as established in the Charter, whose email address is known a notice stating the date at which the next election will be held and the names of alumni trustees whose terms will expire by law on the thirtieth day of June next following. Such notice shall be sent each year not less than ninety days preceding the date on which such election is to be held, and shall invite nominations for vacancies then to occur. All persons who are nominated by as many as ~~fifty~~²⁵⁰ electors shall be announced as soon as practical after the tenth day of April each year in a circular sent to all electors, with a form of ballot.
- (3) Form of Ballot. Only the official nominating and voting ballots may be used to nominate and vote for candidates.
- (4) Position on Ballot. Immediately after the last day fixed for depositing ballots to nominate candidates for alumni trustee, the Chair of the Board of Trustees shall fix a day and hour for casting lots for the position of names upon the election ballots. The Secretary of the Board of Trustees shall give at least three days' notice of said date and hour to all candidates nominated. Any candidate may appear in person or by a representative duly authorized in writing. In the event that any candidate is not present in person or by duly authorized representative at the time of casting of lots, it shall be the duty of the Secretary to appoint some person to represent such absentee. After said lots are cast, the Secretary shall accordingly establish the order in which the names of said candidates are to appear on the election ballot.
- (5) Designation of Incumbents. ~~The asterisk identifying incumbents~~^{Incumbents} shall ~~not be eliminated from identified as such on~~ election ballots, but biographical sketches shall ~~continue to~~ identify incumbents with an asterisk.
- (6) Position in Booklet of Biographical Sketches. Candidates' names shall be in alphabetical order in any publication of biographical sketches.
- (7) Duplicate Ballots. A duplicate ballot may be issued to a voter only on a written or personal application to the Secretary of the Board of Trustees stating that the original ballot has been lost, mutilated, or destroyed.

- (8) Deadline for Receipt of Nominations. Ballots for the nomination of alumni trustees must be received at the office of the Secretary of the Board of Trustees before 5:00 p.m., February 25.
- (9) Candidate May Withdraw Name. Each candidate nominated shall be given the privilege of withdrawing his/her name.
- (10) Election Returns. All ballots for alumni trustees returned to the proper official in response to said circular and received by him/her on or before the day of election shall be safely kept by him/her, and by him/her delivered at the time and place of election to the two judges selected by the Chair of the Board of Trustees and shall by them be counted as cast at that time and place. Said judges shall make return to the Board of Trustees of the persons for whom ballots have been cast, either by letter or by electors in person, with the number of votes for each person; and the Board of Trustees shall thereupon determine and declare what persons have been elected to fill the vacancies aforesaid. A plurality of votes only shall be required to elect and, in case of an equality of votes between two or more candidates, the person or persons who shall hold said office or offices of trustee shall be designated by ballot of the Board of Trustees.
- (11) Announcement of Results. The names of the winning candidates in the election shall be given publicity in the public press ~~(and no reference shall be made to the other candidates for the three offices).~~ The names of all candidates and the number of votes received by each shall be made available for publication.
- (12) Electronic Notices and Voting. In order to be good stewards of the limited financial resources of the University, electronic mail may be used to communicate any required notices or other correspondence under this Order I and an electronic balloting and voting process may be used so long as reasonable accommodations are made to permit any qualified elector without access to electronic mail to participate in the election.

ORDER II. ~~SELECTION GROUP ON BOARD MEMBERSHIP FOR PROCEDURES FOR THE ELECTION OF BUSINESS AND INDUSTRY TRUSTEES~~ (see also the *Charter and the Bylaws*)

The Selection Group on Board Membership for Business and Industry Trustees shall be composed of five ~~members~~seated Trustees (three ~~seated~~ Trustees representing business and industry endeavors excepting those standing for reelection; and two trustees from among those elected by the alumni, elected by agricultural associations, or appointed by the Governor-). The ~~selection group~~Selection Group, the membership of which shall be disclosed to the Board of Trustees, shall be appointed annually in July by the Chair of the Board of Trustees for the purpose of recommending, in accordance with guidelines established by the Board of Trustees from time to time, two candidates for membership on the Board of Trustees representing business and industry endeavors. The names and qualifications of the candidates shall be submitted for confirmation by the Board of Trustees (for approval or rejection of recommended candidates only).

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The Office of the Board of Trustees shall annually announce to the full Board the opportunity to nominate candidates for consideration by the Selection Group, and shall afford the full Board at least thirty days to submit such nominations in advance of the Selection Group's deliberations. In addition to nominations received from individual trustees, the Selection Group may cultivate additional candidates, including persons nominated in previous years for membership on the Board as a representative of business and industry. The Selection Group and any trustee submitting a nomination shall treat as confidential the identity of nominees. The Selection Group's efforts to develop business and industry candidates may continue through the end of the month of June following the year of its appointment.

The Board of Trustees shall publicly report the number (but not the names) of candidates considered by the Selection Group.

The election of trustees representing business and industry endeavors shall be held at the May meeting of the Board of Trustees.

ORDER III. PROCEDURES FOR THE ELECTION OF TRUSTEES BY AGRICULTURAL DELEGATES (see also the Charter and the Bylaws)

The Charter of the Board of Trustees of The Pennsylvania State University provides for the election of six trustees who represent the organized agricultural societies or associations in the Commonwealth ("Agricultural Organizations").

- (1) Date of Election. Election for two members of the Board of Trustees representing agricultural interests shall be held each year on the Thursday prior to the day for the annual Spring Commencement, under the direction of two judges annually appointed for that purpose by the Chair of the Board of Trustees.
- (2) Delegates. Agricultural Organizations are not entitled to send delegates to participate in the election of Trustees unless they have at least fifteen (15) members in good standing and have been organized and in existence at least twelve (12) months preceding the election, and have duly notified the Secretary of the Board of Trustees of this fact at least sixty days prior to the election. Each Agricultural Organization is invited to send up to three delegates to participate in the election; provided, however, that if an Agricultural Organization has more than fifteen (15) members in good standing in more than one county, such Agricultural Organization may send up to three delegates from each such county and provided, further that the maximum number of delegates that may be sent by any Agricultural Organization to participate in the election shall be nine (9). Each Delegate must be a member of the Agricultural Organization that he or she represents. Employees of The Pennsylvania State University are not permitted to serve as delegates. The secretary or another authorized officer of each Agricultural Organization shall provide proof to the Secretary of the Board of Trustees, in form and substance satisfactory to the Secretary of the Board of Trustees, of the authority and eligibility of each delegate sent by such Agricultural Organization to participate in the election. No proxies are permitted.

- (3) Candidates. Each Candidate must be an active member of an Agricultural Organization. Individual candidates are invited to notify the Secretary of the Board of Trustees by February 25 of each year. The names of the candidates (along with a biographical sketch and position statement for each candidate, the agenda for the meeting, and the governance provisions for the election) will be distributed to the secretaries or other authorized officers of each Agricultural Organization whose contact information is on file with the Secretary of the Board of Trustees in advance of the election in order to better inform Agricultural Organization delegates.
- (4) Nominations. Nominations will be required for all trustee candidates on the day of the election. Nominations of additional candidates not included in the election mailing are also permitted.
- (5) Registration. The names of the delegates representing each Agricultural Organization must be provided by the secretary or another authorized officer of such Agricultural Organization to the Secretary of the Board of Trustees, in a form approved by the Secretary of the Board of Trustees, at least 30 days prior to the election. An Agricultural Organization may amend its submission after that time but in no event shall changes be accepted if received by the Secretary of the Board of Trustees after 4:00 p.m. on the Monday prior to the election. Delegates must present a valid Pennsylvania driver's license or some other form of photo identification acceptable to the Secretary of the Board of Trustees in order to participate in the election, and may be registered as a delegate of only one Agricultural Organization and in only one county.
- (6) Eligibility and Voting. Only those delegates in attendance and duly registered are permitted to participate in the election and voting. The following provisions also apply:
- (i) Each county is permitted a maximum of three votes for the candidates.
 - (ii) If a county is represented by more than three delegates, a caucus is required to determine the three from their number who will represent the county.
 - (iii) If fewer than three delegates represent a county, the county is permitted only as many votes as there are delegates.
 - (iv) Each voter must vote for two nominated candidates. Any ballot indicating a vote for a single candidate shall not be counted.
- (7) Announcement of Results. The names of the winning candidates in the election shall be given publicity in the public press. The names of all candidates and the number of votes received by each shall be made available for publication.

ORDER IV. PROCEDURES FOR THE ELECTION OF THE STUDENT TRUSTEE *(see also the Charter and the Bylaws)*

- (1) The Selection Group on Board Membership for the Student Trustee shall be composed of eleven members (the incumbent Student Trustee, the President of the University Park Undergraduate Association, the President of the Graduate and Professional Student Association, the President of the Council of Commonwealth Student Governments and the Vice President of the University Park Undergraduate Association or the Council of Commonwealth Student Governments, as appropriate, then serving on a committee of the Board of Trustees (the “Core Committee”) plus six at-large undergraduate, graduate or professional student members selected by the Core Committee. The Selection Group shall recommend, in accordance with guidelines established by the Selection Group and approved by the Committee on Governance and Long Range Planning of the Board of Trustees from time to time, a preferred candidate for membership on the Board of Trustees representing the student body of the University.¹
- (2) Three trustees to be appointed by the Chair of the Board of Trustees (including the incumbent Student Trustee) shall interview the preferred candidate (and, if necessary, any alternate candidates) and shall forward the recommended candidate’s name to the Committee on Governance and Long Range Planning of the Board of Trustees, which shall make a recommendation to the Board of Trustees.
- (3) The name and qualifications of the candidate recommended by the Committee on Governance and Long Range Planning shall be submitted for confirmation by the Board of Trustees (for approval or rejection of the recommended candidate only). It is expected that the Committee on Governance and Long Range Planning would recommend, and the Board of Trustees would approve, the candidate recommended by the Selection Group unless issues with the recommended candidate’s background check, student conduct issues, academic standing issues or other issues arise or exist that in the opinion of the Board of Trustees would make the preferred candidate unsuitable for service on the Board of Trustees. The Selection Group shall treat as confidential the identities of all candidates.
- (4) The election of the Student Trustee shall be held at the May meeting of the Board of Trustees.

ORDER V. PROCEDURES FOR THE ELECTION OF THE ACADEMIC TRUSTEE
(see also the Charter and the Bylaws)

- (1) The University Faculty Senate shall recommend, in accordance with procedures and guidelines established by the Faculty Senate and approved by the Committee on Governance and Long Range Planning of the Board of Trustees from time to

¹ The Guidelines to be adopted will provide that the Selection Group would identify a preferred candidate and two ranked candidates.

time, a preferred candidate for membership on the Board of Trustees representing the faculty of the University.²

- (2) Three trustees to be appointed by the Chair of the Board of Trustees shall interview the preferred candidate (and, if necessary, the alternate candidates) and shall forward the recommended candidate's name to the Committee on Governance and Long Range Planning of the Board of Trustees, which shall make a recommendation to the Board of Trustees.
- (3) The name and qualifications of the candidate recommended by the Committee on Governance and Long Range Planning shall be submitted for confirmation by the Board of Trustees (for approval or rejection of the recommended candidate only). It is expected that the Committee on Governance and Long Range Planning would recommend, and the Board of Trustees would approve, the candidate recommended by the Faculty Senate unless issues with the recommended candidate's background check or other issues arise or exist that in the opinion of the Board of Trustees would make the preferred candidate unsuitable for service on the Board of Trustees. The Faculty Senate shall treat as confidential the identities of all candidates.
- (4) The election of the Academic Trustee shall be held at the May meeting of the Board of Trustees.

ORDER VI. PROCEDURES FOR THE ELECTION OF AT-LARGE TRUSTEES (see also the Charter and the Bylaws)

The Selection Group on Board Membership for At-Large Trustees shall be composed of five seated Trustees (one Trustee elected by the alumni, one Trustee representing business and industry endeavors, one Trustee elected by agricultural associations, one Trustee appointed by the Governor, and one Trustee from among the group of the Student Trustee, the Academic Trustee, the Trustee serving ex officio by virtue of his or her past presidency of the Penn State Alumni Association and the At-Large Trustees, if any). The Selection Group, the membership of which shall be disclosed to the Board of Trustees, shall be appointed annually in July by the Chair of the Board of Trustees for the purpose of recommending, in accordance with guidelines established by the Board of Trustees from time to time, a candidate for at-large membership on the Board of Trustees. The name and qualifications of the candidate shall be submitted for confirmation by the Board of Trustees (for approval or rejection of recommended candidate only).

The Office of the Board of Trustees shall annually announce to the full Board the opportunity to nominate candidates for consideration by the Selection Group, and shall afford the full Board at least thirty days to submit such nominations in advance of the Selection Group's deliberations. In addition to nominations received from individual trustees, the Selection Group may cultivate additional candidates, including persons nominated in previous years for membership on the Board. The Selection Group and any trustee submitting a nomination shall treat as confidential

² The Guidelines to be adopted will provide that the Faculty Senate would identify a preferred candidate and two ranked candidates.

the identity of nominees. The Selection Group's efforts to develop trustee candidates may continue through the end of the year of its appointment.

The Board of Trustees shall publicly report the number (but not the names) of candidates considered by the Selection Group.

The election of at-large trustees shall be held at the May meeting of the Board of Trustees.

~~ORDER III.~~ ORDER VII. RULES AND REGULATIONS FOR THE CONDUCT OF PUBLIC MEETINGS OF THE BOARD OF TRUSTEES, ITS STANDING COMMITTEES AND ITS SPECIAL COMMITTEES

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- (1) Meetings Open to the Public. A meeting of the Board of Trustees, its Executive Committee, its Standing Committees, and its Special Committees shall be open to the public as required by applicable law.
- (2) Annual Public Notice of All Meetings. Public notice of the date, time, and place of all regularly scheduled meetings of the Board of Trustees, its Executive Committee, its Standing Committees, and its Special Committees for the calendar year shall be published annually in all daily newspapers of general circulation published in Centre County, and in at least one daily newspaper of general circulation in Pennsylvania. Such notice for meetings at locations other than University Park shall be published in a daily newspaper of general circulation in the political subdivision in which such meetings are to be held. Notice of all regularly scheduled meetings shall also be posted on the University's website at the same time as such notice is published in the newspaper.
- (3) Public Notice of Individual Meetings. Public notice of the date, time, and place of each regular meeting shall be given and published in the daily newspapers of general circulation as indicated above, at least three days prior to the time of each regularly scheduled meeting, and at least twenty-four hours prior to the time of the meeting in the case of special or rescheduled meetings. This provision shall not apply in case of a meeting called to deal with an emergency involving a clear and present danger to life or property. Notice of all special meetings shall also be posted on the University's website at the same time as such notice is published in the newspaper.
- (4) Posting of Notices. Public notice of all meetings of the Board of Trustees, its Executive Committee, its Standing Committees, and its Special Committees shall be posted at the offices of the Secretary of the Board of Trustees at University Park, Pennsylvania.
- (5) News Media Notices. Notice of the date, time, and place of meetings shall be furnished on request to any newspaper publishing in the political subdivision in which the meeting will be held and to any radio and television station which regularly broadcasts into the political subdivision (Centre County in the case of meetings at University Park).

- (6) Notice to Others. Notice of meetings shall also be furnished to anyone providing a stamped, self-addressed envelope prior to the meeting.
- (7) Meeting Room. Except for telephonic meetings, meetings of the Board of Trustees, its Executive Committee, its Standing Committees, and its Special Committees shall be held in a room large enough to accommodate the members of the Board of Trustees, officers of the University, and invited guests. Space shall also be available for up to twenty-five visitors, including representatives of the news media, on a first-come, first-served basis. The room will be opened one-half hour prior to the starting time of the meeting.
- (8) Arrangements for News Media Area and Press Conferences. An area in the meeting room shall be designated by the University for use by the press and other news media, subject to such rules and regulations as the University may adopt. To further facilitate communications between the Board and the public, the Chair of the Board of Trustees and/or the President of the University shall hold press conferences as necessary following meetings of the Board of Trustees.
- (9) Visitors to the Meetings. Visitors to the meetings, including representatives of the news media, shall be present as observers, and not as participants. Any form of participation including speaking, the presentation of petitions, and the display of banners, posters, and other forms of signs is prohibited. This rule does not apply to guests invited by the Chair of the Board of Trustees or the President of the University.
 - (a) The Chair of the Board of Trustees or the President of the University shall be authorized to invite non-voting faculty representatives, non-voting student representatives or other constituent representatives to attend and participate in the meetings of standing committees, subcommittees and of special committees, except executive sessions. The representatives shall be selected by the Chair of the Board of Trustees in such manner as he/she deems appropriate.
 - (b) The Board of Trustees welcomes the opportunity for expression of public views on issues before the Board. To accommodate such expression, the Board shall reserve a portion of its regular meeting for individuals who wish to address the Board. All persons wishing to speak must preregister by completing a Request to Address form and submit it to the Office of the Secretary of the Board of Trustees no later than 48 hours before the start of the meeting (typically, Wednesday, at 1:30 p.m., 48 hours before Friday meeting at 1:30 p.m.). The Secretary of the Board of Trustees will review this request and notify the person making the request whether he/she may give public comment at the next meeting. The Board will allow up to thirty minutes for public comment/questions per meeting. An individual speaker will be permitted up to three minutes for a presentation. This will be strictly adhered to with assistance of a timekeeper. Thus, a maximum of ten speakers will be scheduled for each Board meeting.

When the number of requests to address the Board of Trustees at a given session exceeds the time available, requests will be approved based on the date the written request was received by the Secretary of the Board. In addition, preference will be given to subject matters that relate to the agenda for the relevant Board meeting and to avoid repetitiveness. Finally, the Board will not hear presentations or entertain questions on the following topics: issues under negotiation as part of the University's collective bargaining process; the employment status of any specific individual; statements concerning the private activities, lifestyles or beliefs of individuals employed by or associated with the University; grievances of individual students or employees; proposals or bids for contracts; or pending or threatened litigation involving the University.

The Chair of the Board of Trustees shall have the authority to modify the provisions of this subsection (b) in his or her discretion to permit additional speakers, extend the public comment session and to make such other accommodations as may be necessary or advisable in his or her opinion to achieve the purposes of the public comment period.

- (10) Photographic and Recording Equipment. Visitors to the meeting, including representatives of the news media, shall be allowed to use battery-operated audio tape recorders, television cameras and photographic equipment subject to the following regulations:
 - (a) A designated area in the meeting room shall be used by all visitors to the meeting using television cameras or photographic equipment.
 - (b) Television cameras and related equipment shall be allowed entry into the meeting room for set up purposes during the one-half hour period prior to the starting time of the morning and afternoon meetings. Television cameras and related equipment shall not be allowed entry into the meeting room after the starting time of the meeting, except during the course of a meeting recess, in which event entry will be permitted.
 - (c) Television cameras and photographic equipment shall be required to use available light during the meeting. Artificial lighting and flashes shall not be used during the meeting.
 - (d) No voice-over broadcasting shall be permitted during the meeting.
- (11) Procedures for Committee Meetings and Board Meetings. In conducting the business of the Board of Trustees, its Standing Committees, and its Special Committees, the procedures for the meetings of the Standing Committees and the Special Committees shall provide for full discussion of both information and action items. Following discussion of action items, Standing Committees will vote to recommend an action to the Board of Trustees. Special committees recommend action to Standing Committees. The Board of Trustees meeting will be devoted

primarily to (a) taking formal action on committee recommendations as a block, with Board members having the opportunity to raise questions concerning any of the recommended action items and to call for a separate vote on a given item; (b) considering and acting upon matters which have not come to the Board through a Standing Committee; and (c) receiving the report of the President of the University. The vote of each member of the Board or of a committee on any resolution, rule, order, regulation, ordinance or the setting of official policy must be publicly cast and, in the case of a roll call vote, recorded. From time to time, the Board of Trustees, executive ~~committees~~committee, standing committees and subcommittees may hold conferences, which need not be open to the public, for the purposes of providing training and information to Trustees on matters directly related to their official responsibilities; provided, however, that no "deliberations" (as defined in the Pennsylvania Sunshine Law) of University business may occur at a conference.

- (12) Agenda for the Meetings. The agenda and supporting material for the meetings of the Board of Trustees, its Executive Committee, its Standing Committees, and its Special Committees shall be available to the public (both in hard copy at the meeting and online) at the time of the meetings. In addition to making available to the public at the time of the meeting the agenda and supporting material, the University will make available five days in advance of the meeting an agenda of items to be considered with a note that the agenda of items is subject to change without notice prior to the meeting.
- (13) Executive Sessions of the Board of Trustees. The Board of Trustees, its Executive Committee, its Standing Committees, and its Special Committees may hold an executive session as permitted by applicable law. Attendance at executive sessions shall be limited to voting members of the Board of Trustees, its Executive Committee, its Standing Committees and its Special Committees, as the case may be, unless the presiding officer of the Board or of such Executive Committee, Standing Committee or Special Committee otherwise directs.
- (14) Maintaining Order. The presiding officer at public meetings of the Board of Trustees, its Executive Committee, its Standing Committees, and its Special Committees shall have the authority to maintain order during the public meeting. Any person who, in the opinion of the presiding officer, prevents, disturbs, or interrupts a public meeting may be requested to leave the public meeting, and, upon failure to comply, may be subject to forcible removal and/or arrest for violation of applicable law.
- (15) Minutes of Public Meetings. The minutes of public meetings of the Board of Trustees, its Executive Committee, its Standing Committees, and its Special Committees shall be available for inspection and copying during regular business hours at the office of the Secretary of the Board of Trustees. A copy of minutes of public meetings shall be available to a member of the public upon payment of the reasonable cost of reproduction.

- (16) Revisions in the Rules and Regulations for Public Meetings. The Board of Trustees will periodically review the Rules and Regulations for the Conduct of Public Meetings and make such revisions as experience indicates are appropriate and desirable.

~~ORDER IV.~~ **ORDER VIII. GOVERNANCE OF THE UNIVERSITY**

(1) Role of the Board of Trustees in University Governance

- (a) Guiding Policies. In the exercise of its responsibilities, the Board of Trustees shall be guided by the following policies:
- (i) Delegation of authority. As set forth in the Bylaws, the authority for day-to-day management and control of the University, and the establishment of policies and procedures for the educational program and other operations of the University, is delegated to the President of the University, and by him or her either by delegation to or consultation with the faculty and the student body in accordance with a general directive of the Board of Trustees.
 - (ii) Advisor to the President. It is the duty of the Board of Trustees to advise the President on any University matter.
- (b) Responsibility to Inform the Citizens of Pennsylvania. The Board of Trustees shall inform the citizens of the Commonwealth of Pennsylvania of the University's performance of its role in the education of the youth of Pennsylvania.
- (c) Responsibility for Development of Effective Relationships. The Board of Trustees shall assist the President in the development of effective relationships between the University and the various agencies of the Commonwealth of Pennsylvania and the United States of America which provide to the University assistance and direction.
- (d) Expectations of Membership. In exercising the responsibilities of trusteeship, the Board of Trustees is guided by the expectations of membership, each of which is equally important. It is expected that each Trustee will:
- (i) Understand and support the University's mission, vision, and values;
 - (ii) Act in good faith at all times and in the best interests of the University in a non-partisan manner, without regard to the manner in which such Trustee was appointed or elected to the Board of Trustees;

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- (iii) Make the University a top philanthropic priority to the very best of one's personal ability and fulfill on a timely basis all financial obligations and pledges of support to the University;
- (iv) Prepare diligently, attend faithfully, and participate constructively in all Board of Trustees meetings and related activities by reading the agenda and supporting materials;
- (v) Speak openly, freely and candidly within the Board and publicly support decisions reached by the Board; it being recognized and understood that once the Board of Trustees, as the governing body of the University, makes a decision, it can be counterproductive and potentially damaging to the University for individual Trustees to publicly criticize or attempt to subvert such decision;
- (vi) Make decisions and instruct the administration collectively as the governing body of the University; it being recognized and understood that unless specifically authorized, no individual Trustee has the authority to act on his or her own on behalf of the University or the Board;
- (vii) Participate regularly in events that are integral parts of the life of the University community;
- (viii) Disclose promptly and fully any potential or actual conflicts of interest in accordance with the Board's conflict of interest policies, and personally maintain exemplary ethical standards;
- (ix) Refrain from requests of the President or staff for special consideration or personal prerogatives, including admissions, employment, and contracts for business;
- (x) Maintain the confidentiality of confidential information without exception; it being recognized and understood that for this purpose "confidential information" includes nonpublic information concerning the University, including its finances, operations and personnel, as well as nonpublic information about internal Board discussions and dynamics;
- (xi) Advocate the University's interests, but speak for the Board or the University only when authorized to do so by the Board or the Chair; it being recognized and understood that it is important for the Board of Trustees to convey a consistent message and that, in most instances, the Chair of the Board of Trustees should serve as the spokesperson;
- (xii) Respect University policies relating to the acquisition of information and communication; it being recognized and understood that all

such information should be used only for purpose consistent with such Trustee's duties and responsibilities to the University; and

- (xiii) Extend goodwill to one another and to all members of the University community.

Regular attendance at meetings by members of the Board is expected. If a member of the Board is unable to attend at least four of the six scheduled meetings each year, such Board member should discuss with the Chair of the Board of Trustees the question of his or her ability to continue attendance appropriate to a Trustee.

- (e) Final Responsibility of the Board. The Board of Trustees is the final repository of all legal responsibility and authority to govern the University, under the laws of Pennsylvania. It can delegate but it cannot abandon this responsibility and authority. The Board has the responsibility and duty to direct all organizations and persons participating in governing the University, whether such participation be in the establishment of policies, rules, and regulations, or in the administration of such policies, rules, and regulations. In order to perform this responsibility and duty, and consistent with the Charter, the Board of Trustees hereby directs that governing of the University henceforth be conducted in accordance with the following general plan of organization.

(2) Internal Governance

- (a) What Internal Governance Is Concerned With. This plan of organization concerns only the internal governance of the University. It is not concerned with the operation of the Board of Trustees, with the functions of the officers of the corporation, or with the establishment of financial policy and fiscal and budgetary controls, which matters are the responsibility of the Board of Trustees, the President, and the Treasurer in accordance with established policy.
- (b) Who Performed By. The internal governance of the University shall be performed by the President and his or her administration, by the faculty, and by the student body in accordance with the delegations of authority and advisory roles hereinafter set forth.

(3) Faculty

- (a) Responsibilities. The faculty, as appropriately organized, pursuant to delegation from the President, and subject to the revisions and orders of the President, shall establish policy concerning the approval and supervision of the instructional programs including courses and curricula, academic admissions standards, graduation requirements, and scholarships and honors.

(b) Consultation by the President. The faculty shall be consulted by the President concerning student affairs, educational policy and planning, academic personnel, and any other matter upon the request of the President.

(c) Communication with the Board. Official faculty communication to the Board of Trustees shall be made through the President and through faculty participation on the standing committees.

(d) Regular Meetings. In furtherance of the objective of appropriate communication among the faculty, the administration and the Board of Trustees, a meeting will be held at least once per semester, attended by the President, the Provost and the Vice President for Administration, the Chair, Chair-Elect and Secretary of the Faculty Senate and the Chair and Vice Chair of the Board of Trustees. Any of such individuals may initiate agenda items for any such meeting.

(4) Student Body

(a) Consultation by the President. The student body shall be consulted by the President concerning the establishment of policy for student affairs.

(b) Communication with the Board. Official student communication to the Board of Trustees shall be made through the President and through student participation on the standing committees.

(c) Participation in the Deliberations of the Faculty. Students may also participate in an appropriate manner in the deliberations of the faculty subject to the revisions and orders of the President.

ORDER V. TRUSTEE EMERITUS

ORDER IX. TRUSTEES EMERITI

(1) Granting the Status of Trustee Emeritus to Former Members of the Board. The status of Trustee Emeritus shall be reserved for any living former member of the Board of Trustees who has served as a board member for 12 years or more with distinction. The Chair of the Board shall request a review of the service of a Trustee upon retirement. Criteria to be considered by the committee shall include offices held, attendance record, participation in the activities of the Board, length of service, or other significant contributions. A trustee emeritus shall have none of the obligations of membership on the Board of Trustees (other than the expectations of membership set forth in Standing Order IV(1)(d)(i)-(iii), (v) and (viii)-(xiii)), but shall be entitled to all of the privileges except those of making motions, of voting and of holding office. Each former Chair of the Board of Trustees and any other Trustee having served 20 years will be entitled to automatic trustee emeritus status.

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Sent via email to kmasser@masserspuds.com

November 12, 2014

Keith E. Masser, Chairman
Kathleen L. Casey, Vice Chair
Board of Trustees
The Pennsylvania State University
205 Old Main
University Park, PA 16802

Re: Proposed Board Reform

Dear Keith and Kathy:

In light of the election of a new governor, we ask that you table consideration of the governance change resolution scheduled for consideration by the full board on Friday, November 14th.

Governor-elect Wolf, who ran on a pro-education platform, might understandably take umbrage at the changes that reduce his gubernatorial prerogatives. Moreover, although some on the board might believe the Commonwealth government plays no role in Penn State governance, others on the Board believe otherwise. Why so blatantly put the already strained relationship in further jeopardy? Remember, the Commonwealth is the plaintiff in the case versus NCAA/Penn State as defendants.

With recent events, attention is once again squarely upon us. Power resides with Governor-elect Wolf, Treasurer McCord, Senator Corman and Judge Covey, not our board majority. Board approval of proposed governance changes runs the risk of legislative intervention in the governance of our University.

Keith and Kathy, please table the governance resolution.

Respectfully Submitted,

Edward B. Brown, III

Barbara L. Doran

Robert C. Jubelirer

Albert L. Lord

Anthony P. Lubrano

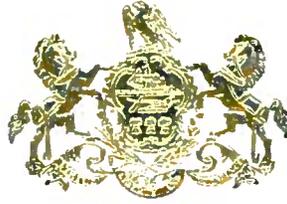
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ENVIRONMENTAL RESOURCES AND ENERGY,
MINORITY CHAIRMAN
AGING AND YOUTH
APPROPRIATIONS
LOCAL GOVERNMENT
VETERANS AFFAIRS AND EMERGENCY
PREPAREDNESS
DEMOCRATIC POLICY

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Senate of Pennsylvania

November 12, 2014

Keith E. Masser
P.O. Box 210
Two Fearnot Road
Sacramento, PA 17968

Dear Chairman Masser:

We write today to ask that The Board of Trustees of The Pennsylvania State University refrain from taking action at this week's meeting to significantly alter the governing structure of the university's board. The vote by the board on the structural reform plan, Proposal A+, must be postponed until further discussions are held with the members of the General Assembly and the new executive administration.

The changes that are contemplated in Proposal A+ are too important to be considered during the transition period between administrations. Among other things, Proposal A+ changes the voting status of three gubernatorial cabinet secretaries and the governor himself.

There is no deadline for board action and no additional cost will be incurred if the consideration of Proposal A+ is delayed. Given that the board's core composition is grounded solidly in statute, the new administration and members of the General Assembly must be involved in discussions of structural reform.

We are all interested in moving our university forward and ensuring that a balanced governing approach is approved. However, in midst of a transition in gubernatorial administrations this is not the time for board action on significant governance reform.

We ask that proposed actions of the board relative to changing its governing structure be delayed so we can further discuss this matter and build consensus around our common goal of a stronger Penn State University.

Sincerely,

A handwritten signature in black ink, appearing to read "John Yudichak".

Senator John Yudichak
14th Senatorial District

A handwritten signature in blue ink, appearing to read "Jake Corman".

Senator Jake Corman
34th Senatorial District

Proposed Resolution
Re: Commonwealth of Pennsylvania Litigation
November 14, 2014

Whereas, the recent public disclosure of internal NCAA email communications has revealed that the NCAA's own staff and officials did not believe that the NCAA's constitution authorized the NCAA to exercise enforcement jurisdiction over Penn State regarding the Sandusky matter or impose the sanctions;

Whereas, notwithstanding the NCAA's own internal doubts about its jurisdiction and authority to impose sanctions, the NCAA presented a slate of onerous sanctions to Penn State as the only alternative to the feared four-year "death penalty;"

Whereas, internal NCAA email communications demonstrate, and the Board has come to believe, that the NCAA intended its threat of the "death penalty" to frighten or "bluff" Penn State into accepting sanctions the NCAA had no authority or jurisdiction to impose;

Whereas, through the tactics described above, the NCAA imposed onerous sanctions on the Pennsylvania State University and its renowned football program;

Whereas, e-mail communications recently made public between and among the NCAA, Penn State and the Freeh Group raise additional questions regarding the NCAA's involvement and role in the Freeh Group's investigation beginning in November 2011 – and the independence of the Freeh Group's investigation; and

Whereas, the Board believes that Penn State can best investigate these serious issues relating to the NCAA's jurisdiction and tactics in imposing sanctions on the University – and the full extent of the NCAA's involvement in the Freeh Group's investigation – by re-aligning itself as a Plaintiff in the civil action McCord/Corman et al. vs. NCAA now pending in the Commonwealth Court of Pennsylvania, where the University is currently joined as a co-defendant with the NCAA.

Therefore, be it resolved that the Board hereby authorizes and instructs the University's counsel to file an appropriate motion in the Commonwealth Court seeking to re-align Penn State as a Plaintiff in the above-referenced civil action;

Therefore, be it further resolved that the Board hereby instructs the University's counsel to pursue discovery in that civil action directed to a full understanding of the NCAA's jurisdiction and tactics in imposing sanctions on the University – and a full understanding of the NCAA's involvement in the Freeh Group's investigation – and report their findings to the Board to obtain further direction.