

1. **Roll Call**

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

Will the Board of Trustees approve the minutes of the meeting of the Board held on September 15, 2017?

3. **President's Report**

4. **Informational Report on Admissions and Enrollment**

Rob Pangborn, Vice President and Dean for Undergraduate Admission, and Clark Brigger, Assistant Vice President for Undergraduate Education and Executive Director for Undergraduate Admissions, will provide the Board with an informational report on admissions and enrollment.

5. **Reports from Standing Committees**

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

A. **Committee on Academic Affairs and Student Life** – William F. Oldsey, Chair

B. **Committee on Audit and Risk** – Edward “Ted” B. Brown III, Vice Chair

1. **Report on Audited Financial Statements**

Comments about the University’s Audited Financial Statements will be made by Joseph J. Doncsecz, Associate Vice President for Finance and Corporate Controller.

C. **Committee on Compensation** – Keith E. Masser, Chair

D. **Committee on Finance, Business and Capital Planning** – Robert E. Fenza, Chair

1. **Proposed Naming of a New Building at Penn State York “Graham Center for Innovation and Collaboration”**

The Facilities Naming Committee has recommended that the Board of Trustees name a new building at Penn State York, which will house the Graham Center for Entrepreneurial Leadership Studies, in recognition of a gift from Donald C. Graham.

Will the Board of Trustees adopt the following resolution:

RESOLVED, That a new building at Penn State York is named “Graham Center for Innovation and Collaboration.”

2. **Appointment of Non-University Employee to the Penn State Investment Council**

In September 2000, Penn State’s Board of Trustees established the Penn State Investment Council to provide direct oversight of the University’s endowment and long-term investment program. The Penn State Investment Council, appointed by the Board of Trustees, includes the: Senior Vice President for Finance and Business/Treasurer of the University (Chair); Chief Executive Officer, Office of Investment Management; and five to nine non-University members (at least one of whom is a voting or emeriti member of the Board of Trustees). The terms are staggered as follows:

**2018**

**Blake Gall**, President, MicroPlusPlus Investment Management (Boalsburg, PA)  
**Edward R. Hintz, Jr.**, President, Hintz Capital Management, Inc. (Morristown, NJ)  
**Joseph B. Markovich**, Managing Director, J.P. Morgan Private Bank (New York, NY)

**2019**

**Carmen J. Gigliotti**, Managing Director (Retired), Private Equities, DuPontCapital Management (Wilmington, DE)  
**Colleen Ostrowski**, Senior Vice President and Treasurer, Visa (San Francisco, CA)

**2020**

**Gary A. Glynn**, President and Chief Investment Officer (Retired), U.S. Steel & Carnegie Pension Fund (New York, NY)  
**J. David Rogers**, Chief Executive Officer, JD Capital Management (Greenwich, CT)  
**Ira M. Lubert**, Chairman and Co-Founder, Independence Capital Partners and Lubert Partners, L.P. (Philadelphia, PA)

It is proposed to appoint Barbara L. Doran, a non-University employee and current Trustee, to a three-year term expiring in 2020.

Will the Board of Trustees adopt the following resolution:

RESOLVED, That Barbara L. Doran, non-University employee and voting member of the Board of Trustees, is appointed to the Penn State Investment Council for a term ending in 2020.

**3. Consideration of Request for 2018-2019 Appropriation for Operations**

Will the Board of Trustees adopt the following resolution:

RESOLVED, That the Officers of the University are authorized to submit to the Legislature, appropriate departments, and offices of the Commonwealth of Pennsylvania, a State Appropriation Request for fiscal year 2018-2019 in the amount of \$337,992,000.

**4. Proposed Appointment of a Design Build Team, West Campus Steam Plant Combined Heat and Power System, University Park**

The Subcommittee on Architect/Engineer Selection will make a report and recommendation on the appointment of a design build team for the West Campus Steam Plant Combined Heat and Power System at University Park.

**5. Proposed Final Plan Approval and Authorization to Expend Funds, North Campus Chilled Water Plant System Expansion, University Park**

The North Campus Chilled Water Plant needs to be fully built out with two 3,000 ton chillers and three cooling towers for increased capacity to meet the campus cooling demands. Since centralized cooling is more energy efficient and reliable than cooling buildings individually, new and existing buildings are being added to the campus chilled water system on an ongoing basis.

The scope of the work also includes three new chilled water pumps, three new condenser water pumps, new electrical equipment, structural and roofing modifications, and controls and monitoring system expansions.

A resolution requesting final plan approval and the authorization to expend funds for this project will be provided to the Board of Trustees.

6. **Proposed Purchase of Leasehold Improvements on the Campus of The Penn State Health Milton S. Hershey Medical Center, 30 Hope Drive, Derry Township, Dauphin County**

The University has the opportunity to acquire leasehold improvements consisting of the medical office building currently used by The Penn State Health Milton S. Hershey Medical Center (“Medical Center”), located at 30 Hope Drive, Derry Township, Dauphin County.

With the objective of developing the medical office building, in September, 2006, the University as landlord entered into a ground lease agreement with LHRET Hershey, L.P. (“LHRET”) for a 29-year term on approximately 22.65 acres of land on the easterly side of the Medical Center campus. LHRET then constructed an outpatient medical office and related facilities (the “Leasehold Improvements”) of approximately 164,000 square feet, which was leased to the Medical Center for its exclusive use (the “Master Lease”). The design and construction of the Leasehold Improvements were in accordance with the University’s and Medical Center’s standards. All maintenance and improvements have been controlled and/or managed by Medical Center facilities personnel since commencement of the lease.

Terms of the ground lease agreement provide the University with its initial option to purchase the Leasehold Improvements for \$57,414,637. The purchase would result in the termination of the university ground lease agreement with LHRET and the transfer of the Master Lease between the Milton S. Hershey Medical Center and LHRET to the Milton S. Hershey Medical Center and Penn State University. Following this transaction, the Medical Center will continue to use the Leasehold Improvements under a long-term agreement with the University on comparable payment terms as the Master Lease.

The Boards of Directors of The Penn State Health Milton S. Hershey Medical Center and Penn State Health will meet on November 7 and November 8, 2017 respectively. The following consent resolution will be discussed at each meeting and, if approved, will be recommended to the Board of Trustees: *“RESOLVED, That the Boards of Directors of The Milton S. Hershey Medical Center and Penn State Health recommend to the Board of Trustees of The Pennsylvania State University, via the appropriate standing committee, the approval of the acquisition of the Leasehold Improvements located at 30 Hope Drive, Derry Township, Dauphin County inclusive of terms providing for the termination of the Ground lease with LHRET Hershey L.P. and the transfer of the Master Lease agreement to Penn State University.”*

Will the Board of Trustees adopt the following resolution:

RESOLVED, That the Board of Trustees approves the acquisition of Leasehold Improvements located at 30 Hope Drive, Derry Township, Dauphin County for the purchase price of \$57,414,637, inclusive of terms providing for the termination of the Ground lease with LHRET Hershey L.P. and transfer of the Master Lease agreement to Penn State University.

7. **Proposed New University Financial System Software**

The University has determined that the University's existing finance system, the Integrated Business Information System ("IBIS"), is nearing the end of its usefulness. As a decades old, homegrown system, IBIS can no longer meet the University's functional and business requirements and presents an ongoing risk to the University's business operations. The University has therefore determined that it is in its best interest to replace IBIS. The University conducted an in-depth, comprehensive needs assessment and cost/benefit analysis which concluded that a modern-day, vendor-based technology solution will provide the greatest functionality, flexibility, and scalability to the University. In identifying a replacement for IBIS, the University followed the procurement process dictated by University policy, which included an extensive request for proposal, vendor responses, and vendor demonstrations, followed by an in-depth functional and technical analysis of each prospective vendor's product offerings. As a result of the procurement process, the University identified a solution that provides it with the functional and technical capabilities that best fit the University's identified needs and requirements.

Will the Board of Trustees adopt the following resolution:

RESOLVED, that the Officers of the University are authorized to purchase SAP North America, Inc.'s S/4 HANA with Fiore (the "Software") for the replacement of the existing finance system at The Pennsylvania State University at a five (5) year cost of \$10,500,000 for the Software and ongoing maintenance and support associated therewith.

E. **Committee on Governance and Long-Range Planning** – David C. Han, Chair

1. **Proposed Amendments to *Charter* and *Bylaws***

It is proposed to amend the *Charter* and *Bylaws* of the University in accordance with the action taken by the Committee on Governance and Long-Range Planning at its September 14, 2017 meeting.

Will the Board of Trustees adopt the following resolutions:

RESOLVED, That the *Charter* of the Board of Trustees of The Pennsylvania State University be amended as set forth in the appendix and presented at the meeting on November 10, 2017.

FURTHER BE IT RESOLVED, That the *Bylaws* of the Board of Trustees be amended as set forth in the appendix and presented at the meeting on November 10, 2017.

(See Appendix I)

- F. **Committee on Legal and Compliance** – Richard K. Dandrea, Chair
- G. **Committee on Outreach, Development and Community Relations** – M. Abraham Harpster, Chair

6. **Authorization to Confer Degrees**

Will the Board of Trustees authorize the President of the University, or designee, to confer degrees at the end of the 2018 Spring Semester, Summer Session, and Fall Semester upon those students who have completed at those times the necessary requirements?

7. **Proposed Date of Election of Trustees by Delegates from Agricultural Societies, by the Alumni, for Business and Industry, and At-Large**

The *Charter* of the University specifies that the election of trustees shall be held annually, by ballot, on such day and hour during the 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.

Will the Board of Trustees approve May 3, 2018 as the date for the delegate election of agricultural trustees, and for counting the ballots in the alumni election; and approve May 4, 2018 as the date for the election of business and industry, and at-large trustees?

8. **Selection of Recipients of the 2018 Distinguished Alumni Award**

A report of the Distinguished Alumni Award Screening Committee will be presented by Mark Dambly, Chairman.

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

PROPOSED AMENDMENTS TO THE CHARTER AND THE BYLAWSDRAFT: July 5, 2017Approved by the Committee on Governance and Long-Range Planningon September 14, 2017PROPOSED AMENDMENT TO THE CHARTER

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); Resolution of the Board of Trustees, \_\_\_\_\_, 2017.)

PROPOSED AMENDMENTS TO THE BYLAWS

Section 2.12 Compensation; Reimbursement of Travel Expenses. Members of the Board of Trustees serve as volunteers and ~~shall~~ not ~~be~~ compensated for their services. ~~Trustees may be reimbursed upon~~ Upon the request ~~for of a Trustee, the University shall reimburse the Trustee's reasonable direct travel expenses, including~~ transportation ~~and other direct expenses, incurred~~ while ~~the Trustee was~~ engaged in the discharge of ~~their his or her~~ official duties; Reimbursement of travel expenses shall be determined in accordance with the University's travel reimbursement policies in effect from time to time.

## ARTICLE IV

## LIABILITY AND INDEMNIFICATION

Section 4.01 Personal Liability of Trustees for Monetary Damages.

(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 for monetary damages, 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 for monetary damages 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 A~~ in which such person is named as a party defendant (other than in an action, suit or proceeding by the University) or ~~(ii) B~~ in connection with which such person is not a party named as a defendant 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 defense of any Action to which such person is a party or (ii) in connection with any other~~ Action.

~~(iii)(iii)~~ Except as provided in Section 4.02(c) below, the University shall not indemnify any Trustee or officer, or pay, advance or reimburse any Trustee or officer, for any legal fees and expenses incurred in connection with any action, suit or proceeding, administrative, investigative or other, which such Trustee or officer brings, directly or indirectly, against the University, the Board of Trustees or any officer, Trustee, employee, agent or representative of the University or the Board of Trustees.

(iv) 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.

(v) 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) A~~ 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) B~~ 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~~Suit against the University; Defenses.

(i) If a written claim for indemnification or advancement of expenses 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 commence a lawsuit 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~~reasonable expenses of prosecuting such ~~action~~suit.

(ii) The only defenses to a lawsuit 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 a lawsuit 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.