



**THE PENNSYLVANIA STATE UNIVERSITY
BOARD OF TRUSTEES
PUBLIC MEETING – November 15, 2019
1:00 p.m.
DEAN'S HALL, PENN STATER CONFERENCE CENTER HOTEL**

1. **Chair Welcome/Remarks**
2. **Call to Order**
3. **Election of Officer of the Board of Trustees**
4. **Consent Agenda Action Items [attached]**
 - a) Approval of *Minutes* from Previous Meeting
 - b) Authorization to Confer Degrees
 - c) Proposed Date of Election of Trustees by Delegates from Agricultural Societies, by the Alumni, for Business and Industry and At-Large

Finance, Business and Capital Planning:

 - d) Proposed Appointment of an Architect, Physics Building and Osmond Renovation, University Park
 - e) Proposed Appointment of an Architect, Third Floor Hospital Renovation, Penn State Health Milton S. Hershey Medical Center
 - f) Proposed Appointment of an Architect, Radiation/Oncology Renovations, Penn State Health Milton S. Hershey Medical Center
 - g) Proposed Approval of the Continuation of Development Services Agreement Between the Research Park Management Corporation and The Pennsylvania State University
5. **Other Action Items [attached]**

Finance, Business and Capital Planning:

 - a) Proposed Final Plan Approval and Authorization to Expend Funds, Second Floor PACU Renovations, Penn State Health Milton S. Hershey Medical Center
 - b) Proposed Final Plan Approval and Authorization to Expend Funds, West Deck and Roadway Connection, University Park
 - c) Proposed Final Plan Approval and Authorization to Expend Funds, James Building Replacement, University Park
 - d) Acquisition of 3011-3015 Research Drive, Ferguson Township, Centre County, Pennsylvania
 - e) Proposed Amendment to September 2017 Approval of Fiscal Year 2018-19 to Fiscal Year 2022-23 Capital Plan
 - f) Proposed Amendment to September 2017 Borrowing Authority for The Pennsylvania State University

Governance and Long-Range Planning:

 - g) Proposed *Bylaw* Amendments: Term Limits

Other:

 - h) Selection of Recipients of the 2020 Distinguished Alumni Award
6. **President's Report and Discussion:**

Demographic Trends at Penn State and in Higher Education
7. **Closing Remarks/Announcements**

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a) **Approval of Minutes from September 13, 2019 Meeting**

b) **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 2020 Spring Semester, Summer Session, and Fall Semester upon those students who have completed at those times the necessary requirements?

c) **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 weekend 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 7, 2020 as the date for the delegate election of Agricultural Trustees, and for counting of the ballots in the Alumni Trustee election; and approve May 8, 2020 as the date for the election of Business and Industry, and At-Large Trustees?

d) **Proposed Appointment of an Architect, Physics Building and Osmond Renovation, University Park**

The Subcommittee on Architect/Engineer Selection will make a report and recommendation on the appointment of an architect for the Physics Building and Osmond Renovation at University Park.

e) **Proposed Appointment of an Architect, Third Floor Hospital Renovation, Penn State Health Milton S. Hershey Medical Center**

The Subcommittee on Architect/Engineer Selection will make a report and recommendation on the appointment of an architect for the Third Floor Hospital Renovation at Penn State Health Milton S. Hershey Medical Center.

f) **Proposed Appointment of an Architect, Radiation/Oncology Renovations, Penn State Health Milton S. Hershey Medical Center**

The Subcommittee on Architect/Engineer Selection will make a report and recommendation on the appointment of an architect for the Radiation/Oncology Renovations at Penn State Health Milton S. Hershey Medical Center.

g) **Proposed Approval of the Continuation of Development Services Agreement Between the Research Park Management Corporation and the Pennsylvania State University**

The Pennsylvania State University is the owner of a certain parcel of land consisting of approximately 130 acres situate in College Township, Centre County, Pennsylvania, upon which it has developed a research park, known as "Innovation Park."

On March 29, 1990, the Pennsylvania State University and the Research Park Management Corporation (RPMCo), a subsidiary of The Corporation for Penn State, entered into a Development Services Agreement by which, the University retained the services of RPMCo to manage, supervise, and coordinate the development of the research park in accordance with the terms of the agreement. The Development Services Agreement has been extended twice previously and is currently scheduled to expire on January 31, 2020.

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In order to continue the ongoing management and development of Innovation Park at Penn State, the parties desire to extend the term of the Development Services Agreement for an additional ten (10) year period. All other terms of the Development Services Agreement shall remain unchanged.

Will the Board of Trustees approve the following resolutions:

RESOLVED, That the Board of Trustees approves the extension of the Development Services Agreement between the University and RPMCo, whereby RPMCo provides management, supervision and coordination of development at Innovation Park, to January 31, 2030.

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.

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a) **Proposed Final Plan Approval and Authorization to Expend Funds, Second Floor PACU Renovations, Penn State Health Milton S. Hershey Medical Center**

A current project to construct three additional operating rooms above the recent emergency department building expansion at the Penn State Health Milton S. Hershey Medical Center will be completed soon. That project will create state-of-the-art operating rooms that are contiguous to the existing operating room suites in the main hospital building. As a result, an opportunity exists to decommission three inefficient South Addition operating rooms to make space for much needed post-anesthesia care space.

The renovated Post Anesthesia Care Unit (PACU) space will include 22 new patient care stations, a nurse station, staff areas (locker room and lounge), a nourishment area, laundry storage, equipment storage, physician work space, and support space for family and visitors.

Will the Board of Trustees adopt the following resolutions:

RESOLVED, That the final plans for the Second Floor PACU Renovations, as designed by BDA Architects of Clarks Summit, Pennsylvania, are approved.

FURTHER BE IT RESOLVED, That authorization to expend funds and award contracts to accomplish the project be approved at a cost of \$13,000,000.

b) **Proposed Final Plan Approval and Authorization to Expend Funds, West Deck and Roadway Connection, University Park**

A recently completed master plan for the College of Engineering (COE) defines a multi-year, multi-phase strategy prioritizing capital projects with the greatest short and long-term impact while thoughtfully stewarding the University's resources. The intent is to relocate a substantial portion of the COE in new buildings on the West Campus and to demolish sub-standard and inadequate buildings such as Hammond Building and the remaining Engineering Units.

The first phase of activity must include consolidation of existing surface parking lots into a new parking deck as an enabling project for the future changes. The proposed parking structure, to be constructed on the existing Red A parking lot, has been designed to provide 1,653 parking spaces on six levels. The site plan includes an extension of White Course Drive, two CATA bus stops, and an expanded storm water basin with capacity for the planned future West Campus COE buildings. The ground floor will include a bicycle workshop and the roof design will accommodate the future installation of solar panels. The materials will be glass, metal fins, brick, and pre-cast concrete.

Will the Board of Trustees adopt the following resolutions:

RESOLVED, That the final plans for the West Deck and Roadway Connection at University Park, as designed by Clayco, Inc., of St. Louis, Missouri, are approved.

FURTHER BE IT RESOLVED, That authorization to expend funds to accomplish the project in the amount of \$60,570,000 is approved.

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c) Proposed Final Plan Approval and Authorization to Expend Funds, James Building Replacement, University Park

The existing 30,000 square foot James Building, which was built in 1920, is located on University-owned property in downtown State College. The facility formerly housed the Daily Collegian operations, administrative offices of the College of Communications, and the College's Media Effects Research Labs. The facility was vacated due to the poor condition of James Building which limits the facility's use and drives the need for replacement.

The plan is to maximize this prime site with a new six-story building of approximately 85,000 square feet. The project will support the "Invent Penn State" initiative by developing a multi-use innovation and maker-space facility, including space for the existing University-sponsored "LaunchBox 2.0." This state-of-the-art makerspace and entrepreneurial hub will include workshops, classrooms, collaboration and lecture areas, co-working spaces, offices, and an event/multipurpose space. In addition to the innovation spaces, the Information Sciences and Technology and Earth and Mineral Sciences Dean Suites will move to the fourth and fifth levels, respectively. The entire third level and about 1,300 square feet on the sixth level will be constructed as shell space with the fit-out costs not in this project.

The building will include an underground parking structure that will accommodate 31 parking spaces.

The aesthetic and character of this urban site will be enlivened by a modern exterior of glass and metal. Pedestrians on South Burrowes Street and New Alley will be able to see the Makerspace work on display.

Will the Board of Trustees adopt the following resolutions:

RESOLVED, That the final plans for the James Building Replacement at University Park, as designed by Kieran Timberlake of Philadelphia, Pennsylvania, are approved.

FURTHER BE IT RESOLVED, That authorization to expend funds to accomplish the project is approved in the amount of \$56.8 million.

d) Proposed Acquisition of 3011-3015 Research Drive, Ferguson Township, Centre County, Pennsylvania

Established in 1945, Penn State's Applied Research Laboratory (ARL) is the largest interdisciplinary institute under the Office of the Senior Vice President for Research. The ARL at Penn State is one of fifteen Department of Defense (DoD) University Affiliated Research Center (UARC) laboratories that have long-term strategic relationships with the DoD and are considered trusted agents. These affiliated research centers provide essential research capabilities, develop new technology for national security applications, and provide unbiased technical advice to the DoD and other federal agencies. ARL research generated \$269M of operating revenue during Fiscal Year 2019, which represents an 11% increase over the prior fiscal year.

ARL operates a land vehicle research laboratory out of 4,600 square feet in part of two separate buildings (ARL West II and ARL West III). In FY2019, research income to the program was \$3.5 million, but is projected to grow substantially to \$13.0 million by FY2022. The need for additional high-bay space to support the continued growth of the land vehicle research program is therefore both critical and time-sensitive.

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Initially, the current ARL five-year Recapitalization Plan developed in 2018 contemplated an expansion of additional space to the existing ARL West III facility at 450 Science Park Road at a cost of more than \$2 million. However, a 19,200 square foot, high-bay facility located at 3011-3015 Research Drive in Ferguson Township, Centre County, Pennsylvania recently became available and presents a more timely and cost-effective alternative to execute on this important aspect of the ARL capital plan. This facility is also located immediately adjacent to other core supporting ARL laboratories to the land vehicle program, including the sensor and system automation research labs, and would enable consolidation of the land vehicle research program into one core facility. ARL recently executed a lease agreement for 16,000 square feet with a purchase option on the entire facility for an amount not to exceed \$1,625,000.

ARL now has the opportunity to acquire the 19,200 square foot facility at 3011-3015 Research Drive, Ferguson Township. The immediate availability of needed high-bay space, adjacency to key supporting research laboratories and a favorable lease/buy analysis supports the recommendation to acquire this property at this time.

Will the Board of Trustees adopt the following resolutions:

RESOLVED, That the Board of Trustees approves the acquisition of 3011-3015 Research Drive, Ferguson Township, Centre County, Pennsylvania, comprised of 2.31 acres and one building totaling 19,200 gross square feet, from Leitzinger Properties for an amount not to exceed \$1,625,000.

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

e) **Proposed Amendment to September 2017 Approval of Fiscal Year 2018-19 to Fiscal Year 2022-23 Capital Plan**

Will the Board of Trustees adopt the following resolutions:

WHEREAS, At its September 15, 2017 meeting the Board of Trustees authorized a five-year plan of capital expenditures by the University and its controlled affiliate, Penn State Health, for the period FY2018-19 to FY 2022-23 (“the Capital Plan”); and

WHEREAS, As part of the Capital Plan, total Penn State Health and College of Medicine capital commitments between July 1, 2018 and June 30, 2023 were approved by the Board of Trustees for up to \$1.447 billion; and

WHEREAS, The Board of Trustees at its May 3, 2019 meeting authorized Penn State Health, acting through its Board of Directors (“PSH Board of Directors”), to incur debt for, among other purposes, planned capital expenditures, and upon the exclusive obligation and credit of the Penn State Health Obligated Group, and to pledge the revenue of the PSH Obligated Group to repay such debt; and

WHEREAS, In connection with the establishment of Penn State Health as its own separate obligated group, capital expenditures attributable solely to Penn State Health under the current Capital Plan are being removed from the Capital Plan and will be subject to approval by the PSH Board of Directors; and

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WHEREAS, Upon such removal, as it relates to PSH and the College of Medicine, the Capital Plan will include only capital expenditures relating to the College of Medicine for University-owned or controlled projects that benefit either the College of Medicine and/or both the College of Medicine and Penn State Health (collectively, "COM/PSH Projects"); and

WHEREAS, Article V, Section 5.09(a)(iii)(1) requires approval by the Board of Trustees for the "Establishment of, or changes in the University's five-year Capital Plan."

THEREFORE, BE IT RESOLVED, That total capital commitments under the Capital Plan for COM/PSH Projects for the period of Fiscal Year 2018-19 to Fiscal Year 2022-23 are hereby reduced from \$1.447 billion to \$775 million.

f) Proposed Amendment to September 2017 Borrowing Authority for The Pennsylvania State University

Will the Board of Trustees adopt the following resolutions:

WHEREAS, At its September 15, 2017 meeting the Board of Trustees authorized \$2.2 billion of borrowing and guaranty of indebtedness to support the University's capital plan for the University and its controlled affiliate, Penn State Health, for the period FY2018-19 to FY 2022-23 ("Borrowing Authority"); and

WHEREAS, At its September 15, 2017 meeting the Board of Trustees authorized a five-year plan of capital expenditures by the University and its controlled affiliate, Penn State Health (PSH), for the period FY2018-19 to FY 2022-23 (the "Capital Plan"); and

WHEREAS, As part of the Capital Plan, total Penn State Health and College of Medicine borrowing allocation (including capital leases and contingencies) between July 1, 2018 and June 30, 2023 was approved by the Board of Trustees for up to \$588.3 million; and

WHEREAS, The Board of Trustees at its May 3, 2019 meeting authorized Penn State Health, acting through its Board of Directors, to incur debt for, among other purposes, planned capital expenditures, and upon the exclusive obligation and credit of the Penn State Health Obligated Group, and to pledge the revenue of the PSH Obligated Group to repay such debt; and

WHEREAS, In connection with the establishment of Penn State Health as its own separate obligated group, Borrowing Authority attributable solely to Penn State Health is being rescinded, with any such borrowing being hereafter subject to approval by the Penn State Health Board of Directors (and the Board of Trustees if required by the Penn State Health Bylaws); and

WHEREAS, Upon such rescission, as it relates to the PSH and the College of Medicine, the University's Borrowing Authority will include only borrowing and guaranty of indebtedness relating to the College of Medicine for University-owned or controlled projects that benefit either the College of Medicine and/or both the College of Medicine and Penn State Health (collectively, "COM/PSH Projects"); and

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WHEREAS, Article V, Section 5.09(a)(ii)(5) requires approval by the Board of Trustees for the "Authorization to borrow money."

THEREFORE, BE IT RESOLVED, That total borrowing authority for the period of Fiscal Year 2018-19 to Fiscal Year 2022-23 is hereby reduced from \$2.2 billion to \$2.012 billion, with allocation for COM/PSH Projects reduced from \$588.3 million to \$400 million.

g) Proposed Bylaw Amendments: Term Limits

The Committee on Governance and Long-Range Planning recommends the following amendment to Section 2.01(b) of the Board's *Bylaws*.

Will the Board of Trustees adopt the following resolution:

RESOLVED, That the Bylaws be amended as set forth below, as shown in Appendix 1.

(Appendix 1)

h) Selection of Recipients of the 2020 Distinguished Alumni Award

The Board will make selections for the 2020 Distinguished Alumni Award.

Appendix I

Revision to Bylaws Section 2.01(b) [Term Limits]

Section 2.01 of the Bylaws shall be amended by deleting clause (b) in its entirety and substituting the following therefor.

(b) Each Trustee shall serve for a term of three (3) years, except that 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 (2) year term. No individual may serve as a Trustee for more than a total of twelve years, whether or not in consecutive terms; provided, however, that

(i) Any Trustee who has served for twelve years or more as of November 15, 2019 may complete the term for which such Trustee was most recently elected or appointed but shall not be eligible for subsequent election or appointment as a Trustee;

(ii) Any Trustee as of November 15, 2019 whose next reelection or reappointment would cause such Trustee, if such Trustee serves for the entirety of such new term, to exceed twelve total years of service may complete the term for which such Trustee is reelected or reappointed but shall not be eligible for subsequent election or appointment as a Trustee; and

(iii) This subsection (b) shall not apply to any Trustee who serves in an *ex officio* capacity.

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.