

**THE PENNSYLVANIA STATE UNIVERSITY  
BOARD OF TRUSTEES**

**COMMITTEE ON FINANCE, BUSINESS AND CAPITAL PLANNING  
MINUTES OF MEETING  
VOLUME FBCP 28**

**November 14, 2019**

A meeting of the Committee on Finance, Business & Capital Planning was held in Room 208 of the Penn Stater Conference Center Hotel in State College, Pennsylvania, beginning at 9:01 a.m.

The following committee members, constituting a quorum, were present: Abe Amoros, Valerie Detwiler, Lynn Dietrich, Barbara Doran, Robert Fenza, Abe Harpster, Alex Hartzler, Mary Lee Schneider, and Brandon Short.

Ex-Officio member Mark Dambly, Faculty Representative Elizabeth Seymour, Student Representative Laura McKinney, and the following administration members were also present Madeline Cantu, Joseph Doncsecz, Steve Dunham, Jennifer Eck, David Gray, Frank Guadagnino, Nick Jones, Kurt Kissinger, Mary Lou Ortiz, Bill Sitzabee, Marvin Smith, and Crystal Straw.

The meeting was called to order by Chair Mary Lee Schneider. Chair Schneider advised the Committee that actions and recommendations by the Committee would be reported to the full Board of Trustees for their consideration at the November 15, 2019 meeting.

The Committee unanimously approved the minutes of the September 12 meeting of the Committee.

The Committee unanimously approved the following resolutions for the Proposed Appointment of an Architect, Physics Building and Osmond Renovation, University Park:

RESOLVED, That the Officers of the University are authorized to employ ZGF Architects of Washington, DC, to design the Physics Building and Osmond Renovation at 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.

The Committee unanimously approved the following resolutions for the Proposed Appointment of an Architect, Third Floor Hospital Renovation, Penn State Health Milton S. Hershey Medical Center:

RESOLVED, That the Officers of the University are authorized to employ Flad Architects of Madison, Wisconsin, to design the Third Floor Hospital Renovation at Penn State Health Milton S. Hershey Medical Center.

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.

The Committee unanimously approved the following resolutions for the Proposed Appointment of an Architect, Radiation/Oncology Renovations, Penn State Health Milton S. Hershey Medical Center:

RESOLVED, That the Officers of the University are authorized to employ BDA Architects of Clarks Summit, Pennsylvania, to design the Radiation/Oncology Renovations, Penn State Health Milton S. Hershey Medical Center.

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.

The Committee unanimously approved the following resolutions for the Proposed Final Plan Approval and Authorization to Expend Funds, Second Floor PACU Renovations, Penn State Health Milton S. Hershey Medical Center:

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.

The Committee unanimously approved the following resolutions for the Proposed Final Plan Approval and Authorization to Expend Funds, West Deck and Roadway Connection, University Park:

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.

The Committee unanimously approved the following resolutions for the Proposed Final Plan Approval and Authorization to Expend Funds, James Building Replacement, University Park:

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.

The Committee unanimously approved the following resolutions for the Proposed Acquisition of 3011-3015 Research Drive, Ferguson Township, Centre County, Pennsylvania:

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.

The Committee unanimously approved the following resolutions for the Proposed Approval of the Continuation of Development Services Agreement Between the Research Park Management Corporation and the Pennsylvania State:

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.

The Committee unanimously approved the following resolution for the Proposed Amendment to September 2017 Approval of Fiscal Year 2018-19 to Fiscal Year 2022-23 Capital Plan:

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

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.

The Committee unanimously approved the following resolution for the Proposed Amendment to September 2017 Borrowing Authority for The Pennsylvania State University:

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

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.

Informational reports on the following items were presented.

- Strategic Budgeting Update – Mary Lou Ortiz
- Project Approval Process Review – Bill Sitzabee

The Committee on Finance, Business & Capital Planning meeting was adjourned at 10:31 a.m.

Respectfully submitted,

Crystal K. Straw  
Assistant Secretary  
Board of Trustees