

**THE PENNSYLVANIA STATE UNIVERSITY
BOARD OF TRUSTEES
and
COMMITTEE ON FINANCE, BUSINESS AND CAPITAL PLANNING
MINUTES OF MEETING
VOLUME 338**

June 29, 2022

A special meeting of the Board of Trustees was held via video conference on Wednesday, June 29, 2022 beginning at 10:30 a.m.

The following Trustees, constituting a quorum, were present: Kleppinger (vice chair), Bendapudi, Black, Brown, Cairns, Casey, de Levie, Delligatti, Detwiler, Dietrich, Doran, Fenza, Hagarty, Hartzler, Houston, Lubrano, Oldsey, Pope, Potts, Rakowich, Rowland, Schneider, Short, and Wagman. The Governor's non-voting representative, Mr. Shipley, was also in attendance.

Also present were staff members Guadagnino, Harvey, Hulburt, Johnson, Jones, Papazoglou, Penkala, Sitzabee, Smith, M., Thorndike, Wilkes, constituent representative Egolf and guests Conway, Pierce, and Rieth.

The meeting was called to order by Vice Chair Kleppinger, with one action Item for consideration before the Board. He noted the Board received briefings on the matter prior to today's meeting and that the Committee on Finance, Business and Capital Planning met in Executive Session immediately preceding the meeting.

The full Board was adjourned to call a meeting of the Committee on Finance, Business and Capital Planning into session.

Trustee Mary Lee Schneider, Chair of the Committee on Finance, Business and Capital Planning, called the meeting of the committee to order and noted that a quorum was present. Chair Schneider called on Sara Thorndike to provide supporting remarks and context for a resolution recommending that the University enter into a purchase agreement and ground lease for the University hotels. The committee then unanimously approved the resolution set before them and recommended that the Board also so approve. With no further business, the committee meeting was adjourned.

Vice Chair Kleppinger then called the full Board back into session. A motion to approve the following resolution was seconded and unanimously approved by the Board.

1. Proposed Agreement to Enter into a Purchase Agreement and Ground Lease for Hotels

WHEREAS, the Board of Trustees (the "Board") of The Pennsylvania State University, a state-related institution and instrumentality of the Commonwealth of Pennsylvania subject to the Pennsylvania nonprofit corporation law (the "University"), at an executive session meeting of the Board held on June 29, 2022, received a presentation summarizing the material terms and conditions of a proposed transaction to be entered into by and among the University, as the seller and lessor, and Real Estate Capital Management LLC, a Pennsylvania limited liability company ("RECM"), and Scholar Hotel Group LLC, a Pennsylvania limited liability company ("Scholar"), as the buyer and lessee (RECM and Scholar being collectively referred to therein as the "Developer");

WHEREAS, as part of such proposed transaction, the University and Developer would enter into a proposed Agreement to Enter Into Purchase Agreement and Ground Lease (the "Agreement to Enter Into Purchase Agreement and Ground Lease"), which will provide that the parties agree to diligently negotiate in good faith the terms and conditions of (i) a purchase agreement (the "Purchase Agreement") to acquire all right, title and interest of the University or its affiliate in and to the furniture, fixtures, equipment and other tangible and intangible property

used in the operation of the Nittany Lion Inn and the Penn Stater Hotel & Conference Center (each, a "Hotel," and collectively, the "Hotels"), and (ii) upon the completion of the closing under the Purchase Agreement (the "Closing"), a separate ground lease (each, a "Ground Lease," and collectively, the "Ground Leases") for the land on which each Hotel is located (the Purchase Agreement and the Ground Leases being referred to herein as the "Transaction Documents" and the proposed transactions outlined in the Agreement to Enter Into Purchase Agreement and Ground Lease being referred to herein as the "Proposed Transaction"); and

WHEREAS, the Board desires to take the following actions relating to the Proposed Transaction and to approve and authorize the Proposed Transaction and certain other matters relating to the Proposed Transaction and the Transaction Documents as set forth herein.

I. Approval of the Agreement to Enter Into Purchase Agreement and Ground Lease

NOW, THEREFORE, BE IT RESOLVED, that the proposed material terms and conditions of the Proposed Transaction, as presented to the Board by the officers of the University and its consultants at the executive session meeting of the Board held on June 29, 2022, are hereby approved and declared advisable and in the best interest of the University.

FURTHER RESOLVED, that the President, the Senior Vice President for Finance & Business/Treasurer, the Associate Vice President for Finance and Corporate Controller, or an Assistant Treasurer (each, an "Authorized Officer" and collectively, the "Authorized Officers"), be, and each of them individually hereby is, authorized and directed, for and on behalf of the University, to prepare and negotiate with the Developer the Agreement to Enter Into Purchase Agreement and Ground Lease, the terms and conditions of which shall be consistent with the material terms and conditions of the Proposed Transaction presented to and hereby approved by the Board, and following the completion of such negotiations, to execute, deliver and perform the Agreement to Enter Into Purchase Agreement and Ground Lease.

FURTHER RESOLVED, that, after consultation with the leadership of the Board (consisting of the Vice Chair of the Board, and the Chair and Vice Chair of the Finance, Business and Capital Planning Committee (hereinafter, referred to as the "Board Leadership")), the Authorized Officers, be, and each of them with full authority to act without others hereby is, authorized and directed, to negotiate and agree to such changes, deletions, modifications or additions to those approved material terms and conditions of the Proposed Transaction stated in the Agreement to Enter Into Purchase Agreement and Ground Lease as in the judgment of the Authorized Officers, or any one of them, shall be necessary, advisable or appropriate and in the best interest of the University to effectuate the Proposed Transaction, with the approval of such changes by any such Authorized Officer being conclusive evidence that the same did meet such standard.

II. Approval of the Purchase Agreement

FURTHER RESOLVED, that the Authorized Officers be, and each of them with full authority to act without the others hereby is, authorized and directed, in the name and on behalf of the University, to prepare, negotiate, execute, deliver and perform the Purchase Agreement in customary form as may be determined by the Authorized Officers, and reflecting and setting forth the material terms and conditions for the proposed Purchase Agreement as have been hereby approved by the Board, and outlined and described in the Agreement to Enter Into Purchase

Agreement and Ground Lease.

FURTHER RESOLVED, that, after consultation with the Board Leadership, the Authorized Officers, be, and each of them with full authority to act without others hereby is, authorized and directed, to negotiate and agree to such changes, deletions, modifications or additions to those approved material terms and conditions of the Purchase Agreement as in the judgment of the Authorized Officers, or any one of them, shall be necessary, advisable or appropriate and in the best interest of the University to effectuate the Proposed Transaction, with the approval of such changes by any such Authorized Officer being conclusive evidence that the same did meet such standard.

III. Approval of the Ground Leases for the Hotels

FURTHER RESOLVED, that the Authorized Officers be, and each of them with full authority to act without the others hereby is, authorized and directed, in the name and on behalf of the University, to prepare and negotiate separate Ground Leases covering the lands on which each Hotel is located, in customary form as may be determined by the Authorized Officers, and reflecting and setting forth the material terms and conditions for such proposed Ground Leases as have been hereby approved by the Board, and outlined and described in the Agreement to Enter Into Purchase Agreement and Ground Lease.

FURTHER RESOLVED, that, after consultation with the Board Leadership, the Authorized Officers, be, and each of them with full authority to act without others hereby is, authorized and directed, to negotiate and agree to such changes, deletions, modifications or additions to those approved material terms and conditions of the Ground Leases as in the judgment of the Authorized Officers, or any one of them, shall be necessary, advisable or appropriate and in the best interest of the University to effectuate the Proposed Transaction, with the approval of such changes by any such Authorized Officer being conclusive evidence that the same did meet such standard, and subject to the completion of the closing under the Purchase Agreement, to execute, deliver and perform each such Ground Lease upon the completion of such closing.

IV. General

FURTHER RESOLVED, that the Authorized Officers be, and each of them with full authority to act without the others hereby is, authorized and directed, in the name and on behalf of the University, (i) to prepare, negotiate, execute, deliver, and perform such other agreements, consents, assignments, instruments, documents, applications, reports, filings, tax returns, and certificates that may be required by the terms and conditions of the Transaction Documents or as any of the Authorized Officers so acting may deem necessary or appropriate to complete the Proposed Transaction, including, without limitation, any such agreements, certificates or other documents required or requested by any lender to the Developer, the negotiation, preparation, execution, delivery, or performance thereof by any such Authorized Officer to be conclusive evidence of the approval thereof by the University, and (ii) to take or cause to be taken any and all such other actions on behalf of the University as any of the Authorized Officers so acting deems necessary or appropriate to complete the Transaction Documents and Proposed Transaction, or to effectuate any of the foregoing resolutions.

FURTHER RESOLVED, that the Secretary or any Assistant Secretary of the University is hereby authorized, on behalf of the University, to certify and attest any adopted resolutions of the Board or any of its committees, or any documents of the University which such Secretary or Assistant Secretary may deem necessary or appropriate to consummate the transactions contemplated by any of

the foregoing resolutions; provided, that such attestation shall not be required for the validity of any documents.

FURTHER RESOLVED, that each Authorized Officer is authorized to pay any and all reasonable and necessary expenses and fees for and on behalf of the University arising in connection with the Transaction Documents and Proposed Transaction, or the matters described in the foregoing resolutions, including, without limitation, costs, expenses and fees of accountants and attorneys.

FURTHER RESOLVED, that any and all actions previously taken by any of the Authorized Officers or representatives of the University, for and on behalf and in the name of the University, in connection with any of the foregoing resolutions are hereby authorized, ratified, confirmed, and approved in all respects for all purposes.

The meeting was adjourned at 10:37 a.m.

Respectfully submitted,

Frank T. Guadagnino
Secretary, Board of Trustees