

**THE PENNSYLVANIA STATE UNIVERSITY
BOARD OF TRUSTEES
and
COMMITTEE ON FINANCE, BUSINESS AND CAPITAL PLANNING
MINUTES OF MEETING
VOLUME 341**

October 13, 2022

A special meeting of the Board of Trustees and the Committee on Finance, Business and Capital Planning was held via video conference on Thursday, October 13, 2022 beginning at 10:45 a.m.

The following Trustees, constituting a quorum, were present: Schuyler (chair), Kleppinger (vice chair), Black, Cairns, Dambly, Davis, de Levie, Delligatti, Detwiler, Dietrich, Fenza, Hasenkopf, Hoffman, Lubrano, Pope, Rakowich, Rapp, Riegel, Rowland, Schneider, Short, Sokolov, and Wagman.

Also present were Emerita Trustee Doran, staff members Dale, Guadagnino, Harvey, Lokman, Pell, Penkala, Schwartz, Smith, M., Thorndike, constituent representatives Gangl, Egolf, Gibbard, Quinland, Szczygiel, Wede, Wright, and guests Conway, Pierce, and Rieth.

The meeting was called to order by Chair Schuyler, with one action Item for consideration before the Board. He noted the Board received informational briefings on the matter prior to today's meeting and met in Executive Session immediately preceding the meeting to discuss the matter.

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

Trustee Rob Fenza, 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 Fenza stated the only agenda item for consideration by the Committee was for a resolution recommending that the University enter into an amended 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.

Chair Schuyler 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 Amendment to the Purchase Agreement and Ground Lease for Hotels

WHEREAS, at a meeting held on June 29, 2022, 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") approved 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, the Board further approved the execution, delivery and performance by the University of an Agreement to Enter Into Purchase Agreement and Ground Lease (the "Agreement to Enter Into Purchase Agreement and Ground Lease"), which provided that the University and Developer agreed 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");

WHEREAS, the Board further authorized and directed certain officers of the University, in the name and on behalf of the University, to prepare, negotiate, execute, deliver and perform the Purchase Agreement and the Ground Leases, each agreement to reflect and set forth the material terms and conditions of the Proposed Transaction as outlined and described in the Agreement to Enter Into Purchase Agreement and Ground Lease;

WHEREAS, the University and Developer thereafter executed and delivered the Agreement to Enter Into Purchase Agreement and Ground Lease, which became effective on July 1, 2022;

WHEREAS, at an executive session meeting of the Board held on October 13, 2022, the Board received a presentation prepared and presented by the officers of the University and its consultants setting forth certain proposed amendments and additions to the material terms and conditions of the Proposed Transaction resulting from further negotiations between the University and the Developer (the "Proposed Amendment to Terms and Conditions"); and

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

I. Approval of the Proposed Amendment to Terms and Conditions

NOW, THEREFORE, BE IT RESOLVED, that the material terms and conditions of the Proposed Transaction previously approved by the Board and as set forth in the Agreement to Enter Into Purchase Agreement and Ground Lease (the "Original Terms and Conditions"), as amended, modified and supplemented by the Proposed Amendment to Terms and Conditions, are hereby approved and declared advisable and in the best interest of the University (the Original Terms and Conditions, as amended, modified and supplemented by the Proposed Amendment to Terms Conditions, being hereinafter referred to as the "Amended Terms and Conditions").

FURTHER RESOLVED, that the President, the Senior Vice President for Finance & Business/Treasurer, or an Assistant Treasurer (each, an "Authorized Officer" and collectively, the "Authorized Officers"), 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")), 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 the Amended Terms and Conditions 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, such agreement to be in customary form as may be determined by the Authorized Officers, and shall reflect and set forth the applicable terms and conditions of the Amended Terms and Conditions.

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 the Amended Terms and Conditions applicable to 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, such agreements to be in customary form as may be determined by the Authorized Officers, and shall reflect and set forth the applicable terms and conditions of the Amended Terms and Conditions.

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 the Amended Terms and Conditions applicable to 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 Proposed Transaction, any of the

transactions contemplated by the Transaction Documents, 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 10:48 a.m.

Respectfully submitted,

Frank T. Guadagnino
Secretary, Board of Trustees