

**THE PENNSYLVANIA STATE UNIVERSITY
BOARD OF TRUSTEES**

**COMMITTEE ON FINANCE, BUSINESS AND CAPITAL PLANNING
MINUTES OF MEETING
VOLUME FBCP 47**

May 4, 2023

A meeting of the Committee on Finance, Business & Capital Planning was held on Thursday, May 4, 2023, beginning at 1:00 p.m.

The following committee members, constituting a quorum, were present: Randall E. Black, Mark Dambly, Valerie Detwiler, Lynn Dietrich, Robert Fenza, M. Abraham Harpster, Anthony Lubrano, Mary Lee Schneider and Brandon Short.

Ex-Officio members Matt Schuyler and Neeli Bendapudi, Trustee Emeriti member Barbara Doran, Constituent Representatives Roger Egolf, Daniel Serfass, Kelley Lynch and Michelle Stine and the following administration members were also present: Francis Achampong, Jessica Dale, Frank Guadagnino, Bernadeen Harlow, Shannon Harvey, Jody Heckman, Chris Hulburt, Vincent James, Sydni Kimble, Pat Kraft, David Lieb, Zack Moore, Thomas Oziemblowsy, Rachel Pell, Justin Schwartz, William Sitzabee, Michael Wade Smith, Jennifer Stedelin and Sara Thorndike.

The meeting was called to order by Chair Robert Fenza. Chair Fenza advised the Committee that actions and recommendations by the Committee would be reported to the full Board of Trustees for their consideration at the May 5, 2023, meeting.

The Committee unanimously approved the minutes of the February 16, 2023, meeting of the Committee.

The Committee unanimously approved the following resolution for the Proposed Project Approval, Greenberg Indoor Sports Center Training Table Renovation and Addition, University Park:

RESOLVED, That the Greenberg Indoor Sports Center Training Table Renovation and Addition at University Park are approved.

FURTHER BE IT RESOLVED, That authorization to expend funds and award contracts for the project are approved for an amount not to exceed \$31,900,000.

The Committee unanimously approved the following resolutions for the Proposed Project Approval, Jeffrey Field Soccer Complex Renovation and Addition, University Park:

RESOLVED, That the Jeffrey Field Soccer Complex Renovation and Addition at University Park are approved.

FURTHER BE IT RESOLVED, That authorization to expend funds and award contracts to accomplish the project are approved for an amount not to exceed \$21,250,000.

The Committee unanimously approved the following resolution for the Proposed Project Approval, Indoor Practice Air Supported Structure, University Park:

WHEREAS, Article V, Section 5.09(a)(iii)(7) requires the approval of the Board of Trustees for capital projects under \$10 million that are bond-financed; and

WHEREAS, the proposed Indoor Practice Air Supported Structure is to be funded with bond financing.

THEREFORE, BE IT RESOLVED, That authorization to expend funds for the Indoor Practice Air Supported Structure is approved for an amount not to exceed \$9,800,000.

The Committee unanimously approved the following resolution for the Proposed Project Approval, East Area Locker Room Renovation, University Park:

WHEREAS, Article V, Section 5.09(a)(iii)(7) requires the approval of the Board of Trustees for capital projects under \$10 million that are bond-financed; and

WHEREAS, the proposed East Area Locker Room Renovation is to be funded with bond financing.

THEREFORE, BE IT RESOLVED, That authorization to expend funds for the East Area Locker Room Renovation is approved for an amount not to exceed \$5,200,000.

The Committee unanimously approved the following resolution for the Proposed Project Approval, Lasch Renovation Phase 2, University Park:

RESOLVED, That the Lasch Renovation Phase 2 at University Park is approved.

FURTHER BE IT RESOLVED, That authorization to expend funds and award contracts to accomplish the project are approved for an amount not to exceed \$22,000,000.

The Committee unanimously approved the following resolution for the Proposed Authorization to Expend Funds, Beaver Stadium Renovation, University Park:

RESOLVED, That authorization to expend funds and award contracts for the first phase of this project are approved for an amount not to exceed \$70,000,000.

The Committee unanimously approved the following resolution for the Proposed Project Approval, Hazardous Waste Management Facility, University Park:

RESOLVED, That the Hazardous Waste Management Facility at University Park, as designed by R3A Architecture, LLC of Pittsburgh, Pennsylvania, is approved.

FURTHER BE IT RESOLVED, That authorization to expend funds and award contracts to accomplish the project are approved in the amount of \$12,525,000.

The Committee unanimously approved the following resolution for the Proposed Approval – Five-Year Capital Plan:

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 a meeting of the Board held on May 5, 2023, received a presentation from the officers of the University setting forth and describing the proposed five-year capital plan for the University for fiscal year 2023-2024 through fiscal year 2027-2028 in an amount equal to Two Billion One Hundred Eighty Three Million Dollars (\$2,183,000,000) (the “Capital Plan”);

WHEREAS, in preparing the proposed Capital Plan, the officers of the University evaluated and considered the capital needs of the University, including the University’s plans to make capital expenditures for projects of the University and its subsidiaries and affiliated organizations, to include the acquisition of land, interests in land, buildings, infrastructure, improvements, fixtures, equipment, furnishings, information technology assets, and other capital assets and projects serving the University (a “Project”, and collectively, the “Projects”);

WHEREAS, the Board recognizes that it may be in the financial interests of the University to pay for depreciable assets over a period which does not exceed the useful lives of such depreciable assets or such longer period as is permitted by applicable federal tax law;

WHEREAS, the Board further recognizes that, depending on the stage of development of the Projects, it may be also in the financial interests of the University to incur obligations for the payment of the cost of the Projects at one time or in part from time to time;

WHEREAS, the Board further recognizes that the specific timing of the borrowings of the University in light of trends in the financial markets can make a significant difference to the University and its constituents in the cost of borrowing for capital projects;

WHEREAS, the Board recognizes it may also be advantageous to refund or otherwise refinance certain outstanding obligations of the University from time to time or, prior to, concurrently with or subsequent to the issuance of obligations of the University, to enter into agreements relating to bond insurance, letters of credit or other credit or liquidity facilities (collectively, “Credit Enhancement Agreements”) or agreements relating to interest rate swaps or other forms of interest rate hedge or similar agreements associated with such obligations (collectively, “Hedge Agreements”) and such decisions may be more effectively made by the officers of the University;

WHEREAS, the University may from time to time issue its obligations directly or indirectly through other qualified governmental entities, and rate subsidies or other benefits may be available if the University’s obligations are

issued through certain Commonwealth of Pennsylvania public authorities and the proceeds of such obligations are loaned by the issuing public authorities to the University;

WHEREAS, the Board acknowledges that the form of the obligations and borrowings of the University, including decisions as to price, timing, interest rates, terms, serialization, and tax exempt or taxable status of the borrowings of the University, may be more effectively made from time to time by the officers of the University, and as such, the Board now desires to authorize and approve the Capital Plan, and to further authorize the officers of the University to take the following actions with respect to obligations and borrowings to be incurred by the University.

I. Approval of the Capital Plan

NOW THEREFORE, BE IT RESOLVED, that the Capital Plan, in the form presented to the Board by the officers of the University at this meeting, be, and hereby is, approved and declared advisable and in the best interest of the University; and

FURTHER BE IT RESOLVED, that the President, the Senior Vice President for Finance & Business/Treasurer, and the Associate Vice President for Budget and Finance of the University (each, an "Authorized Officer," and collectively, the "Authorized Officers"), be, and each of them individually hereby is, authorized to cause the University to borrow, through the issuance of bonds, notes, leases, installment sale agreements or other forms of debt obligations, including as part of a line of credit and other credit facility, in one or more series of sub-series, fixed rate or variable rate, taxable or tax-exempt, secured or unsecured, senior or subordinate, in a single issuance or from time to time, in an aggregate principal amount not to exceed One Billion Four Hundred Million Dollars (\$1,400,000,000) (collectively, the "Obligations"), with such Obligations to be issued and sold at such price in a competitive, negotiated or invited sale and to be of such tenor and otherwise to contain or have the benefit of such terms and provisions, including, without limitation, provisions for redemption or mandatory or optional tender for purchase, maturity, collateral security, covenants, representations and warranties and events of default, as the Authorized Officers shall deem to be necessary or appropriate for the University; and

FURTHER BE IT RESOLVED, that the Authorized Officers be, and each of them with full authority to act without others hereby is, authorized and directed to execute, deliver and perform, in the name and on behalf of the University, any agreements, contracts, instruments, consents, amendments, supplements, applications, filings, reports, certificates, and other documents of every nature and description, which are determined by any such Authorized Officer to be necessary or appropriate to accomplish the matters described and set forth in the Capital Plan, or in connection with the issuance of the Obligations, and/or to otherwise carry out the resolutions set forth herein, including, without limitation, any and all promissory notes, drafts, guaranties, subordination agreements, assignments, applications, letters of credit, loan agreements, security agreements, financial statements, trust indentures, mortgages, deeds of trust, security agreements, pledge agreements, bonds, bond purchase agreements,

letters of credit reimbursement agreements, issuing and paying agency agreements, dealer agreements, refunding escrow agreements, leases, installment sale agreements, interest rate management agreements, investment contracts, tax compliance agreements, and securities prospectuses, offering memorandums or other similar securities offering and disclosure documents; and

FURTHER BE IT RESOLVED, that the Authorized Officers be, and each of them with full authority to act without others hereby is, authorized and directed to cause the Obligations to be issued directly by the University, or as the Authorized Officers may deem appropriate, by and through any appropriate public authorities of the Commonwealth of Pennsylvania having jurisdiction, including, without limitation, The Pennsylvania Higher Education Authority and the Centre County Higher Education Authority, with the proceeds of such indebtedness of such public authorities being loaned to the University, as the case may be; and

FURTHER BE IT RESOLVED, that the Authorized Officers be, and each of them with full authority to act without others hereby is, authorized to refund or otherwise refinance the Obligations and other outstanding indebtedness of the University from time to time and, prior to, concurrently with or subsequent to the issuance of indebtedness of the University, to execute any agreements (including any amendments or supplements thereto or thereof), contracts, instruments, consents, applications, filings, reports, certificates and other documents, of every nature and description, which are required in connection with any Credit Enhancement Agreements or Hedge Agreements, all on such terms and conditions as such Authorized Officer of the University shall deem necessary or appropriate; and

FURTHER BE IT RESOLVED, that it is hereby declared to be the official intent of the University, as referred to in Section 1.150-2 of the Treasury Regulations promulgated under the Internal Revenue Code of 1986, as amended ("Code"), that the University be reimbursed from the proceeds of the Obligations authorized hereby in a maximum principal amount of One Billion Four Hundred Million Dollars (\$1,400,000,000) for expenditures for or in respect of the Projects initially paid from other available funds of the University on or after the date which is sixty (60) days prior to the effective date of these resolutions (except for certain expenditures which are not subject to such time limitation), provided that the issuance of the Obligations providing such reimbursement in any particular case occurs not later than eighteen (18) months after the latest of (i) the date on which the earliest expenditure subject to U.S. Treasury Regulation §1.150-2 is paid, (ii) the date on which the particular Project is placed in service or abandoned, but in no event more than three years after the earliest expenditure is paid, or (iii) the date otherwise permitted by the Code or U.S. Treasury Regulations promulgated thereunder and, in implementation hereof, the Authorized Officers of the University may approve specific capital expenditures to be reimbursed from the proceeds of Obligations later to be issued, and the funds from which such capital expenditures shall be paid, as required by the said Treasury Regulations; and

FURTHER BE IT RESOLVED, that the borrowings of the University authorized pursuant to these resolutions shall be limited to Projects approved by the Board prior to June 30, 2028; and

FURTHER BE IT RESOLVED, that the incurrence of any indebtedness by the University that may be hereinafter approved or authorized by this Board in connection with the refunding or refinancing of any indebtedness of the University existing as of the date hereof shall not be limited in principal amount by the application of these resolutions, and shall not be taken into account when calculating the maximum amount of the Obligations authorized and approved by these resolutions.

II. General

FURTHER BE IT RESOLVED, that the Authorized Officers be, and each of them with full authority to act without others hereby is, authorized and directed, in the name and on behalf of the University, to prepare, negotiate, execute, file, deliver, and perform such other agreements, letters, consents, instruments, amendments, documents, applications, filings, reports and certificates, and take any and all such other actions as the Authorized Officers may deem necessary, advisable or appropriate to consummate and effectuate the transactions contemplated herein, or to carry out the full intent and purposes of the foregoing resolutions, the negotiation, preparation, execution, delivery, or performance thereof by the Authorized Officers to be conclusive evidence of the approval thereof by the University;

FURTHER BE IT RESOLVED, that the University is hereby authorized and directed to cause each of the subsidiaries of the University, as may be applicable, to take such actions as the Authorized Officers deem necessary, advisable or appropriate to consummate and effectuate the transactions contemplated herein, or to carry out the full intent and purposes of the foregoing resolutions;

FURTHER BE IT RESOLVED, that the Authorized Officers be, and each of them with full authority to act without others hereby is, authorized and directed, in the name and on behalf of the University, to pay, or cause to be paid, any and all expenses, costs and fees arising in connection with the matters described in the foregoing resolutions, including, without limitation, any accountants' and attorneys' fees;

FURTHER BE IT RESOLVED, that any and all actions previously taken by the Authorized Officers or other officers or representatives of the University, for and on behalf and in the name of the University, in connection with any of matters and transaction described and approved in the foregoing resolutions are hereby authorized, ratified, confirmed and approved in all respects for all purposes; and

FURTHER BE IT RESOLVED, that the Secretary or any Associate Secretary or 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 agreements, instruments, filings, reports, or other documents which such Secretary, Associate 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 such agreements, instruments, filings, reports or other documents.

The Committee unanimously approved the following resolution for the Consideration of Proposed Interim Maintenance and Operating Budget for the University for the Fiscal Year Beginning July 1, 2023:

RESOLVED, That pending adoption of a new budget to reflect clarification of the amount and form of the State appropriation, and subsequent decisions regarding the amount of tuition charges, adjustments to salaries, wages, and employee benefits, and provisions for other cost increases, the Board of Trustees approves continuation for the interim period beginning July 1, 2023 total budget amounts at the level of the adjusted 2022-23 budget as follows:

	<u>University Park and Other Locations</u>	<u>Pennsylvania College of Technology</u>	<u>Total University</u>
General Funds	\$ 2,847,149,000	\$ 103,196,000	\$ 2,950,345,000
Agricultural Federal Funds	22,999,000		22,999,000
Restricted Funds	1,086,160,000	22,613,000	1,108,773,000
Auxiliary Enterprises ^a	492,788,000	25,516,000	518,304,000
Total	\$ 4,449,096,000	\$ 151,325,000	\$ 4,600,421,000
Penn State Health System			3,863,425,000
Total Funds			\$ 8,463,846,000

Initial Operating Budget approved by Board of Trustees, September 23, 2022.

^a Includes additional \$29.9M due to increase in room and board charges as approved by the Board of Trustees, February 17, 2023.

The Committee unanimously approved the edits to the FBCP Committee Operating Guidelines.

The Committee unanimously approved the following resolution for the Proposed Extension of Remaining Borrowing Authority of Current Capital Plan:

WHEREAS, at a meeting of 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”) held on September 15, 2017, the Board adopted resolutions authorizing the officers of the University to cause the University to borrow or guarantee, through the issuance of bonds, notes, leases, installment sale agreements or other forms of debt obligations, an aggregate principal amount not to exceed \$2.2 billion to support the University’s capital plan for the period of fiscal year 2018-2019 through fiscal year 2022-2023 (the “2019-2023 Capital Plan”)(hereinafter, as amended, the “2017 Resolution”);

WHEREAS, the 2017 Resolution provides that any borrowings authorized and approved by the officers of the University pursuant to the borrowing authority granted under 2017 Resolution are limited to capital projects approved by the Board prior to June 30, 2023;

NOW THEREFORE, BE IT RESOLVED, that the President, the Senior Vice President for Finance & Business/Treasurer, and the Associate Vice President for Budget and Finance of the University (each, an “Authorized Officer,” and collectively, the “Authorized Officers”), be, and each of them individually hereby is, authorized to exercise the remaining borrowing authority granted to such officers pursuant to the 2017 Resolution on a date up to and including December 31, 2023 for a total amount not to exceed \$240 million for any and all projects that have been approved by the Board prior to June 30, 2023 as part of the 2019-2023 Capital Plan; and

FURTHER BE IT RESOLVED, that the Authorized Officers be, and each of them with full authority to act without others hereby is, authorized and directed, in the name and on behalf of the University, to prepare, negotiate, execute, file, deliver, and perform any agreements, letters, consents, instruments, amendments, documents, applications, filings, reports and certificates, and take any and all such other actions as the Authorized Officers may deem necessary, advisable or appropriate to carry out the full intent and purposes of the foregoing resolutions, the negotiation, preparation, execution, delivery, or performance thereof by the Authorized Officers to be conclusive evidence of the approval thereof by the University.

Chair Fenza noted that the following Informational reports were posted in Diligent:

- Review of Subcommittee on Finance Operating Guidelines
- Q3 Financial Results
- Capital Plan and Borrowing Report

The Committee on Finance, Business & Capital Planning meeting was adjourned at 2:05 p.m.

Respectfully submitted,

Jessica Dale
Executive Assistant to the Senior Vice President
for Finance & Business/Treasurer