1:30 p.m. -

1. **Roll Call**

2. **Approval of the Minutes of Previous Meetings**

Will the Board of Trustees approve the minutes of the meeting of the Board held on March 16, 2012?

3. **President's Report**

2:30 p.m. -

4. **Reports from Standing Committees**

Discussion of action and/or information items by the Standing Committees for consideration by the Board of Trustees:

A. **Committee on Academic Affairs and Student Life** - Marianne E. Alexander, Chair

   1) **Discussion of Consent Agenda Items Provided for Information or Approval of the Committee on Academic Affairs and Student Life:**

      Information Items -
      a) Information on Undergraduate Programs

      (See Appendix I)

   2) **Recommendation for Approval of Administrative Appointment**

      Will the Committee on Academic Affairs and Student Life recommend to the Board of Trustees adoption of the following resolution:

      RESOLVED, That the Board of Trustees approves President Rodney A. Erickson's appointment of Charles H. Whiteman as the Elizabeth L. and John P. Surma Jr. Dean of The Mary Jean and Frank P. Smeal College of Business effective July 1, 2012.

   3) **Proposed Discontinuation of the Educational Division at Penn State Great Valley**

      The Core Council has recommended phasing out two part-time master's degrees currently extended from the College of Education at University Park to Penn State Great Valley. Once these changes are completed, Great Valley will be neither an academic home to any Education programs nor a tenure home for any Education faculty. It is proposed, therefore, to discontinue the Education Division at Penn State Great Valley.

      The proposal for the discontinuation of the division was favorably reviewed by the faculty at Penn State Great Valley, the Chancellor of Penn State Great Valley, the Vice President for Commonwealth Campuses, and was approved by the University Faculty Senate Council at its meeting of April 10, 2012.
A. Committee on Academic Affairs and Student Life (Continued)

3) **Proposed Discontinuation of the Educational Division at Penn State Great Valley** (Continued)

Will the Committee on Academic Affairs and Student Life recommend to the Board of Trustees adoption of the following resolution:

RESOLVED, That the Board of Trustees approves the discontinuation of the Educational Division as an organizational unit at Penn State Great Valley effective immediately.

4) **Proposed Elimination of the Department of Integrative Arts in the College of Arts and Architecture**

The Core Council has recommended the elimination of the Department of Integrative Arts in the College of Arts and Architecture, which was founded in 1990. The Department of Integrative Arts served as the administrative home for faculty and programs in graphic design and integrative arts, and offered an interdisciplinary option for degree completion. Integrative Arts also provided the vast majority of general education enrollments for the college. Due to changes in faculty lines and assignments, it is proposed to eliminate the Department of Integrative Arts. None of the programs or degrees offered by the unit have been or will be eliminated. No full-time faculty lines are being eliminated in the reorganization. All faculty members will be assigned to their original units or to those where their disciplinary backgrounds and tasks are more closely aligned.

The proposal for the discontinuation of the department division was favorably reviewed by the faculty in the college, the Dean of the College of Arts and Architecture, and was approved by the University Faculty Senate Council at its meeting of April 10, 2012.

Will the Committee on Academic Affairs and Student Life recommend to the Board of Trustees adoption of the following resolution:

RESOLVED, That the Board of Trustees approves the elimination of the Department of Integrative Arts in the College of Arts and Architecture effective July 1, 2012.

B. Committee on Audit, Risk, Legal and Compliance - Ira M. Lubert, Vice Chair

C. Committee on Finance, Business and Capital Planning - Linda B. Strumpf, Chair

1) **Discussion of Consent Agenda Items Provided for Information or Approval of the Committee on Finance, Business and Capital Planning:**

Information Items -

a) East Campus Steam Plant Generator, University Park
b) Holuba Hall Turf Replacement and Renovations, University Park
c) Naming of Rooms, Portions of Buildings, and Plazas
d) Purchase of Property at 515 Rosedale Avenue, Penn State Harrisburg
e) Sale of Undivided Interest in Waterville Property, Cummings Township, Lycoming County
f) Status of Major Construction Programs and Borrowing
C. Committee on Finance, Business and Capital Planning (Continued)

1) Discussion of Consent Agenda Items Provided for Information or Approval of the Committee on Finance, Business and Capital Planning: (Continued)

Action Items -
g) Summary of Revisions to Existing Scholarships, Fellowships, Etc.
h) Acknowledgments of Endowments and Other Major Commitments
i) Resolution Regarding Financial Solvency

(See Appendix II)

2) Consideration of Proposed Interim Maintenance and Operating Budget for the University for the Fiscal Year Beginning July 1, 2012

In order for the University to have an approved fiscal operating plan for the year beginning July 1, 2012, it is proposed that an interim budget be adopted.

Due to the pending status of the State appropriation, it is recommended that no action be taken at this time on changes in tuition, salaries and wages, employee benefits, or other necessary expense increases. A final budget will be submitted at the July 12-13, 2012 Board of Trustees meeting when the State appropriation is clarified.

Will the Committee on Finance, Business and Capital Planning recommend to the Board of Trustees adoption of the following resolution:

RESOLVED, That pending adoption of a new budget to reflect clarification of the amount and form of the State appropriation, and subsequent decision regarding the amount of tuition charges, adjustments to salaries, wages, and employee benefits, and provisions for fuel and utilities and other cost increases, the Board of Trustees approves continuation for the interim period beginning July 1, 2012, total budget amounts at the level of the adjusted 2011-12 budget as follows:
2) **Consideration of Proposed Interim Maintenance and Operating Budget for the University for the Fiscal Year Beginning July 1, 2012** (Continued)

<table>
<thead>
<tr>
<th>University Park and Other Locations</th>
<th>College of Medicine</th>
<th>Pennsylvania College of Technology</th>
<th>Total University</th>
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<tr>
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<td>$1,911,184,000</td>
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<td>Agricultural Federal Funds</td>
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<td>Restricted Funds</td>
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<td>Auxiliary Enterprises$</td>
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<table>
<thead>
<tr>
<th>Milton S. Hershey Medical Center</th>
<th>1,181,958,000</th>
</tr>
</thead>
</table>

| Total Funds                         | $4,132,217,000      |

$^a$Includes increase in room and board charges as approved by the Board of Trustees, January 20, 2012.

3) **Proposed Naming of the New Career Services Center the "Struthers Family Career Services Center at Penn State Wilkes-Barre," Penn State Wilkes-Barre**

The Facilities Naming Committee has recommended that the Board of Trustees name the new Career Services Center to be built soon as an addition to the Athletics and Recreation Building at Penn State Wilkes-Barre the "Struthers Family Career Services Center at Penn State Wilkes-Barre" for a commitment from Richard K. and Sharon Struthers.

Will the Committee on Finance, Business and Capital Planning recommend to the Board of Trustees adoption of the following resolution:

RESOLVED, That the new Career Services Center to be built soon as an addition to the Athletics and Recreation Building at Penn State Wilkes-Barre is named the "Struthers Family Career Services Center at Penn State Wilkes-Barre."

*(See Appendix III)*
4) **Proposed Appointment of an Architect, Burrowes Building Renovation, University Park**

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

5) **Proposed Final Plans and Authorization to Award Contracts, Main Building Renovation, Penn State Brandywine**

The Main Building at Penn State Brandywine was built in 1970 and is in need of renovation. The west section of the building which primarily houses administrative offices, was successfully renovated in 2010. The University is planning to renovate the remainder of the building which houses student services, classrooms, offices, and laboratories for Biology, Chemistry, and Physics programs. The scope of the renovation work includes new energy-efficient mechanical systems to replace the existing aging infrastructure.

Will the Committee on Finance, Business and Capital Planning recommend to the Board of Trustees adoption of the following resolutions:

RESOLVED, That the final plans for the Main Building Renovation at Penn State Brandywine, as designed by the firm of SMP Architects of Philadelphia, Pennsylvania, are approved.

FURTHER BE IT RESOLVED, That authorization to award contracts to construct the project be approved at a cost of $9,500,000.

6) **Proposed Approval of Ground Lease Liberty Lutheran Housing Development Corporation**

In July 1997, the Board of Trustees approved the lease or sale of portions of land associated with the development of a Continuous Care Retirement Community (CCRC). The site of the CCRC, now known as The Village at Penn State, was identified as a combination of approximately eighty (80) acres of private land at Toftrees and approximately eighty (80) acres of land owned by the University located adjacent to the Mount Nittany Expressway and Fox Hollow Road.

The Lease/Option of Sale Agreement Term Sheet provided that the leased property will be up to fifty (50) acres of the eighty (80) acre University-owned parcel and the CCRC would be constructed on this land and occupy up to fifty (50) acres dependent upon the final size of the project. It was anticipated that, over time, the entire site would be used by The Village at Penn State and options were reserved for the purpose of leasing or selling to the CCRC developers the remaining portion of the eighty (80) acre tract. The Officers of the University were authorized to enter into the lease/option of sale agreement with The Village at Penn State Retirement Community (VPSRC) or an Internal Revenue Code Section 501(c)(3) tax-exempt entity to which VPSRC assigns its rights to enter into the Lease for the purpose of obtaining financing.

The length of the term was thirty-five (35) years commencing at the closing of the financing to construct the initial phase of the CCRC. Two (2) fifteen (15) year renewal options were reserved to run consecutively, conditioned upon the VPSRC
6) Proposed Approval of Ground Lease Liberty Lutheran Housing Development Corporation (Continued)

not being in default at the time of the exercise of this option. The Options to Lease or Sale Additional Portions of the remaining thirty (30) acres were reserved for a period of 10 years from the effective date of the initial lease agreement. Until such time as VPSRC exercised these options, with the provision that such options were contingent on the successful operation of the retirement community and no defaults existing under the Lease, the property was available to the University for its use and benefit.

On February 1, 2002, the University entered into a ground lease containing 50.515 acres with The Village at Penn State Retirement Community, consistent with the Board of Trustee July 1997 approval and related term sheet as referenced above. The performance factors associated with the Options to Lease or Sale Additional Portions of the property were not met, the options were not exercised, and have since expired.

On November 30, 2011, VPSRC filed for reorganization under Chapter 11 of the US Bankruptcy Code and on February 3, 2012, the Court approved the sale of substantially all of the assets of VPSRC to Liberty Lutheran Housing Development Corporation (LHDC), a Pennsylvania non-profit corporation. Because the ground lease dated February 1, 2002 is one of these assets, it is now proposed that the ground lease be assigned to LHDC. Further, LHDC has requested that the initial term of the ground lease be extended to expire on May 31, 2042, resulting in a full 30-year initial term for the amended ground lease. Also, it is proposed that the lease payments begin with the fifth (5th) anniversary date of the amended lease. No other amendments are being proposed to the February 1, 2002 ground lease. A term sheet reflecting the amended ground lease is included in Appendix IV.

Will the Committee on Finance, Business and Capital Planning recommend to the Board of Trustees adoption of the following resolutions:

RESOLVED, That the existing ground lease dated February 1, 2002 with The Village at Penn State Retirement Community be assigned to Liberty Lutheran Housing Development Corporation, a Pennsylvania non-profit corporation.

FURTHER BE IT RESOLVED, That the lease dated February 1, 2002 be amended to reflect the amended ground lease term sheet presented in Appendix IV.

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

(See Appendix IV)

7) Proposed Sale of Whitehall Road Property, University Park

At its July 1999 meeting, the Board of Trustees approved the acquisition of approximately 1,100 acres of land at various locations throughout Centre County, Pennsylvania, from the Mellon Family Trust and the Richard King Mellon Foundation. The purchase from the Richard King Mellon Foundation and gift from the Mellon
C. Committee on Finance, Business and Capital Planning (Continued)

7) Proposed Sale of Whitehall Road Property, University Park (Continued)

Family Trust resulted in the University acquiring six (6) tracts of land, comprised of sixteen (16) separately deeded parcels. One of these tracts, located along and between West Whitehall Road and Route 45, included six (6) separately deeded parcels which contained 564.77 acres.

Since that time, a subdivision plan entitled, Penn State University Whitehall Road 6 Lot Final Subdivision Plan, was developed to accommodate the sale of a number of parcels. At its March 2008 meeting, the Board of Trustees approved the sale of a 75-acre parcel to Centre Region COG and Ferguson Township, as well as a 59-acre parcel to the State College Borough Water Authority. At its March 2011 meeting, the Board of Trustees approved the sale of a 25-acre parcel to Ferguson Township. The most recent transaction occurred in August 2011, when the University sold a .254-acre parcel to an adjacent church.

Two adjoining parcels identified in the subdivision plan were rezoned to Multi-Family Residential (R-4) in Ferguson Township and engineering studies were completed to establish initial site infrastructure plans consistent with zoning and Ferguson Township requirements. In August 2011, the University listed these two parcels for sale. One parcel (Lot 3 in the subdivision plan) consists of 25.13 undeveloped acres and the second parcel (Lot 4 of the subdivision plan) consists of 15.26 acres of undeveloped land. Toll Bros., Inc. has offered the University $13,500,000 for these parcels and the University has entered into an agreement of sale, which is contingent upon approval of the University's Board of Trustees, with closing to occur after Toll Bros., Inc. receives all necessary municipal approvals.

Will the Committee on Finance, Business and Capital Planning recommend to the Board of Trustees adoption of the following resolutions:

RESOLVED, That the Board of Trustees approves the sale of a 15.26-acre parcel and an adjoining 25.13-acre parcel, being lots 3 and 4 in the Penn State University Whitehall Road 6 Lot Final Subdivision Plan, located in Ferguson Township, Centre County, Pennsylvania, to Springton Pointe, LP, a Pennsylvania Limited Partnership, which is a wholly owned subsidiary of Toll Bros., Inc. for $13,500,000.

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

8) Report on Status of Commonwealth Appropriations Request

9) Photo Report on Selected Construction Projects

A photo report on the progress of selected construction projects will be presented at the meeting.

D. Committee on Governance and Long-Range Planning - James S. Broadhurst, Chair

1) Update on the Implementation of the "Priorities for Excellence: The Penn State Strategic Plan 2009-10 through 2013-14"

In May 2009, the Board of Trustees approved a five year strategic plan as set forth
D. **Committee on Governance and Long-Range Planning** (Continued)

1) **Update on the Implementation of the "Priorities for Excellence: The Penn State Strategic Plan 2009-10 through 2013-14" (Continued)**

in the "Priorities for Excellence: The Penn State Strategic Plan, 2009-10 through 2013-14." The plan builds on the theme of prioritization for excellence, offering strategies for each of seven goals. Achieving these goals requires collaboration among administrators, faculty, staff, and students from academic and administrative units across Penn State and making difficult choices regarding future programming. The goals are as follows:

- Enhance student success;
- Advance academic excellence and research prominence;
- Realize Penn State's potential as a global university;
- Maintain access and affordability and enhance diversity;
- Serve the people of the Commonwealth and beyond;
- Use technology to expand access and opportunities; and
- Control costs and generate additional efficiencies.

Dr. Robert N. Pangborn, Interim Executive Vice President and Provost of the University, will provide an update on the third-year implementation progress of the "Priorities for Excellence," focusing particular attention on the work of the Core Council that was charged to undertake analyses of academic programs and administrative services to find greater efficiencies while enhancing University excellence in an era of increasing financial challenges.

E. **Committee on Outreach, Development and Community Relations** - Mark H. Dambly, Chair

5. **Legal Matters**

Cynthia A. Baldwin, Vice President and General Counsel, will present an informational report on University legal matters and/or normally considered by a Standing Committee of the Board.

6. **Informational Report on the University Faculty Senate**

A report on this year's activities of the University Faculty Senate is provided by Dr. Daniel R. Hagen, Immediate Past Chair of the University Faculty Senate, Professor of Dairy and Animal Science, College of Agricultural Sciences.

7. **Annual Report and Proposed Appointment of Members, Board of Directors of The Milton S. Hershey Medical Center**

Harold L. Paz, M.D., Senior Vice President for Health Affairs of The Pennsylvania State University, Dean, College of Medicine, and Chief Executive Officer, will provide an update on The Milton S. Hershey Medical Center.

In May 2000, the Board of Trustees approved the establishment of the corporation "The Milton S. Hershey Medical Center," a Pennsylvania nonprofit corporation for the purpose of employing personnel, owning equipment, and holding the hospital and other licenses necessary to provide healthcare services. The Board further confirmed that the University will continue to fulfill its obligations as Successor Trustee of The Milton S. Hershey Medical Center through establishment of the corporation to operate the clinical enterprise and make the necessary appointments to the Board of Directors.
7. **Annual Report and Proposed Appointment of Members, Board of Directors of The Milton S. Hershey Medical Center** (Continued)

The Board of Directors of The Milton S. Hershey Medical Center consists of 15 members. Nine directors are appointed directly by the Board of Trustees with three-year, staggered terms; two are *ex officio* directors: the Senior Vice President for Health Affairs of The Pennsylvania State University, Dean of the College of Medicine, and Chief Executive Officer; and one director is elected from among the clinical department chairs at The Milton S. Hershey Medical Center. The remaining four directors are considered independent directors, with three-year, staggered terms, and are self-perpetuating. Together, these 15 directors are responsible for governance of The Milton S. Hershey Medical Center, subject, of course, to the authority of the Board of Trustees to appoint and remove its appointees.

The members of the Board of Directors appointed by the Board of Trustees of The Pennsylvania State University whose terms expire this year are: David M. Joyner, Edward P. Junker III, and Barry K. Robinson.

Will the Board of Trustees adopt the following resolution:

RESOLVED, that the following individuals are appointed as members of the Board of Directors of The Milton S. Hershey Medical Center for a three-year term ending June 30, 2015:

- David M. Joyner
- Edward P. Junker III
- Barry K. Robinson

8. **Report on the Election of Trustees by Alumni**

The judges of the election will report on the counting of the ballots in the election of Trustees by alumni.


A report on the election of Trustees by delegates from agricultural societies will be given by Chairman of the Board Karen B. Peetz.

10. **Election of Trustees Representing Business and Industry Endeavors**

The Selection Group on Business and Industry Trustees will recommend to the Board of Trustees the names of two candidates for election as trustees representing business and industry endeavors for three-year terms beginning July 1, 2012. A resolution will be presented at the meeting.

11. **Announcements by the Chairman of the Board of Trustees**
1. **Information on Undergraduate Programs**

   A. **College of Engineering**

   1) **Integrated Bachelor of Architectural Engineering and Master of Science in Architectural Engineering: New Program**

   The integrated undergraduate/graduate curriculum is based upon a rigorous accelerated program of research and practice. IUG students will pursue a curriculum that integrates undergraduate and graduate level scholarship. The new program will become effective Summer Session 2012.

   2) **Integrated Bachelor of Science in Engineering Science and Master of Science in Engineering Mechanics: Phase-out of Program**

   The Bachelor of Science in Engineering Science will continue to be offered as an undergraduate program. Students will be given reasonable opportunity to complete their program. The phase-out of the IUG status that incorporated the Bachelor of Science with a Master of Science in Engineering Mechanics will become effective Summer Session 2012.

   3) **Integrated Program in Bachelor of Science in Engineering Science and Master of Science in Engineering Science and Mechanics: Change in Name from Bachelor of Science in Engineering Science and Master of Science in Engineering Science**

   The name change accurately describes the program content as engineering science and mechanics. The name change will become effective Summer Session 2012.

   B. **College of the Liberal Arts**

   1) **Bachelor of Arts in African American Studies: New Program**

   The new major focuses on the contributions of knowledge, culture, and social organization produced by African-Americans and on the social conditions that have supported and constrained this work. The new major will become effective Fall 2012.

   2) **Bachelor of Arts in African Studies: New Program**

   This new major is a multidisciplinary program designed to offer students the opportunity to develop their understanding of various aspects of the African continent, including socioeconomic conditions and global relations. The new major will become effective Fall 2012.

   C. **Penn State Harrisburg**

   1) **Integrated Bachelor of Science and Master of Science in Computer Science: New Program**

   The integrated undergraduate/graduate curriculum is based upon a rigorous accelerated program of research and practice. Students will pursue a curriculum that integrates undergraduate and graduate level scholarship. The new program will become effective Summer Session 2012.
1. **East Campus Steam Plant Generator, University Park**

The University intends to install a new diesel generator to serve the existing East Campus Steam Plant during critical start up events and to provide stand-by power to the Millennium Science Complex. The generator will also serve the campus during electrical reduction situations. The electrical output will be transmitted through the existing campus distribution system. The cost estimate for this installation is $2,800,000.

(See Appendix II.1)

2. **Holuba Hall Turf Replacement and Renovations, University Park**

The University intends to replace the artificial turf in Holuba Hall and correct stormwater drainage problems on the south side of the building. The project scope includes replacing a section of concrete slab to correct stormwater flow into an existing trench drain. New all-season awnings will prevent rainwater from entering the building when the south facing overhead doors are open. The cost estimate for this project is $1,500,000.

(See Appendix II.2)

3. **Naming of Rooms, Portions of Buildings and Plazas**

The Facilities Naming Committee has made certain recommendations to the President on the naming of rooms, portions of buildings and plazas. In accordance with the Policy on Naming University Facilities, the Board of Trustees is hereby informed that the President has approved the following naming actions:

A. Name the Pegula Ice Arena Players' Lounge in recognition of a commitment from Harry and Karen Kenney. The recognition plaque should read:

   *Kenney Family Players' Lounge*

B. Modify the name of Room 228, Lasch Football Building, previously named the "John and Tacie Sternbergh Player Development Office" to the "John and Tacie Sternbergh Recruiting Coordinator's Office."

C. Relocate the "Robert S. Ratner Assistant Coach's Office" from Room 217 Lasch Football Building to Room 215 Lasch Football Building.

D. Name the Presentation Practice Room in the Knowledge Commons, Pattee Library, in recognition of a gift from Richard and Sally Kalin. The recognition plaque should read:

   *Richard and Sally Kalin Presentation Practice Room*

E. Name the Knowledge Commons Help Center, Pattee Library, in recognition of a commitment from Mary O'Neill Marsh. The recognition plaque should read:

   *Mary O'Neill Marsh Help Center*

4. **Purchase of Property at 515 Rosedale Avenue, Penn State Harrisburg**

*Standing Order V., Paragraph (4) (c), entitled "Real estate purchases less than $1 million in value" provides for such purchases to be presented to the Board of Trustees for information. The Board of Trustees is advised of the following property transaction:** In March, 2012, the University purchased a .41 acre property including a 1,200 square foot vacant garage structure adjoining Penn State Harrisburg, located at 515 Rosedale Avenue, Middletown, Lower Swatara Township, Dauphin County, from David Lenker for $65,000. Mr. Lenker in turn gifted $5,000 of the transaction back to the University for the Ruth Ellen Eshelman Lenker Memorial Research Award. The purchase provides strategic campus expansion opportunities and eliminates the possibility of adverse ownership.

(See Appendix II.3)
5. Sale of Undivided Interest in Waterville Property, Cummings Township, Lycoming County

Standing Order V., Paragraph (4) (d), entitled "Proceeds from the sale of land and other real estate gifted to the University for the express purpose of sale" provides for such transactions to be presented to the Board of Trustees for information. The Board of Trustees is advised of the following property transaction: In September, 2011, a 50% undivided interest in an undeveloped 45 acre property located in Waterville, Cummings Township, Lycoming County, was gifted to the University from the estate of Deno and Theola Thevaos. As terms of the gift do not obligate the University to retain the property and the University has no use for the property, in March 2012, the University sold its undivided interest to PCT Land Holdings LLC for $61,000. Net sale proceeds will fund the Dr. Deno G. Thevaos Scholarship in the College of Education.

(See Appendix II.4)

6. Status of Major Construction Programs and Borrowing

(See Appendix II.5)

7. Summary of Revisions to Existing Scholarships, Fellowships, Etc. (For the period February 11, 2012 through March 30, 2012)

Will the Committee on Finance, Business and Capital Planning recommend to the Board of Trustees adoption of the following resolution:

RESOLVED, That the conditions governing certain existing scholarships, fellowships, awards, and similar funds previously established at the University be revoked and that the Officers of the University are authorized to put into effect the revised regulations as requested by the donors.

8. Acknowledgments of Endowments and Other Major Commitments

The Committee on Finance, Business and Capital Planning is advised that for the period February 20, 2012, through April 6, 2012, 34 new funds totaling approximately $1,697,783 were accepted by the University, including scholarships, fellowships, etc. All of these items conform to established University policies and regulations.

For the period February 20, 2012 through April 6, 2012, 36 major commitments were accepted by the University totaling approximately $157,391,241.

Will the Committee on Finance, Business and Capital Planning recommend to the Board of Trustees adoption of the following resolutions:

RESOLVED, That the Board of Trustees gratefully acknowledges the generous contributions of the many friends of the University in support of endowments, funds, and other major commitments as reported to the Committee on Finance, Business and Capital Planning at its meeting of May 4, 2012.

FURTHER BE IT RESOLVED, That the Officers of the University are authorized to convey the Board's appreciation to these generous benefactors who provide opportunities for many students to receive a quality education.

9. Resolution Regarding Financial Solvency

The Penn State World Campus is required to seek registration in all states for operational purposes. The State of Maryland Higher Education Commission requires a resolution of financial solvency, in accordance with the Code of Maryland Regulations (COMAR 13B.02.01.07D(3)(e)), from the Board of Trustees of the University. This resolution is necessary in order for Penn State to submit an Application for Initial Approval of Out-of-State Degree-Granting Institutions to Operate in Maryland.

(Appendix II)
9. Resolution Regarding Financial Solvency (Continued)

Will the Committee on Finance, Business and Capital Planning recommend to the Board of Trustees adoption of the following resolution:

WHEREAS, The State of Maryland Higher Education Commission requests a resolution of financial solvency, in accordance with COMAR 13B.02.01.07D(3)(e), from the Board of Trustees of The Pennsylvania State University to submit an Application for Initial Approval of Out-of-State Degree-Granting Institutions to Operate in Maryland. This application is in regard to the offering of University courses and programs via the Penn State World Campus to Maryland residents via online distance education; and

WHEREAS, The Pennsylvania State University is annually audited by the professional services firm Deloitte & Touche LLP; and

WHEREAS, The Pennsylvania State University currently has bond ratings of Aa1 with Moody's and AA with Standard and Poor's,

THEREFORE, BE IT RESOLVED, That the Board of Trustees of The Pennsylvania State University confirms the financial solvency of the University.
Concrete slab to be replaced

Holuba Hall

Future Pegula Ice Arena

Lasch Football Building

Greenburg Ice Pavilion

Bryce Jordan Center

University Drive
Waterville, Lycoming County

45 acres gifted from Thaveos Estate
Waterville Property gifted from Thevaos Estate

Waterville, Lycoming County
### STATUS OF MAJOR CONSTRUCTION PROGRAMS AND BORROWING (> $5 Million)

**April 30, 2012**

#### Project Data

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<th>Project Name</th>
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<th>Commonwealth Funding Amount</th>
<th>Gift Amount</th>
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<td>Altoona</td>
<td>Renovations to PSU Altoona Housing &amp; Foods Building</td>
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<td>Brandywine</td>
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<td>E.J. Pell Laboratory for Advanced Biological Research</td>
<td>$23,000,000</td>
<td>$0</td>
<td>$0</td>
<td>11/07</td>
<td>11/10</td>
<td>09/11</td>
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<td></td>
<td>CEDAR Building Renovations</td>
<td>$9,500,000</td>
<td>$6,940,000</td>
<td>$0</td>
<td>03/11</td>
<td>02/12</td>
<td>03/12</td>
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<td></td>
<td>East Campus Steam Line</td>
<td>$13,500,000</td>
<td>$11,000,000</td>
<td>$0</td>
<td>N/A</td>
<td>03/11</td>
<td>09/11</td>
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<td></td>
<td>Educational Improvements BFP Installations</td>
<td>$10,500,000</td>
<td>$7,000,000</td>
<td>$0</td>
<td>N/A</td>
<td>N/A</td>
<td>06/08</td>
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<tr>
<td></td>
<td>Essential Services Program</td>
<td>$119,900,000</td>
<td>$3,000,000</td>
<td>$0</td>
<td>N/A</td>
<td>N/A</td>
<td>12/05</td>
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<td></td>
<td>Health and Human Development Building</td>
<td>$56,500,000</td>
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<td>$0</td>
<td>01/08</td>
<td>01/12</td>
<td>12/12</td>
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<tr>
<td></td>
<td>Hub Addition</td>
<td>$29,000,000</td>
<td>$0</td>
<td>$0</td>
<td>03/11</td>
<td>02/12</td>
<td>09/14</td>
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<td></td>
<td>Old Main Renovation</td>
<td>$6,800,000</td>
<td>$0</td>
<td>$1,500,000</td>
<td>09/11</td>
<td>11/12</td>
<td>05/14</td>
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<td></td>
<td>Regula Ice Arena</td>
<td>$89,000,000</td>
<td>$0</td>
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<td>11/10</td>
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<td>Bldg. 220 Addition</td>
<td>$24,000,000</td>
<td>$0</td>
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<td>03/11</td>
<td>02/12</td>
<td>09/14</td>
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<td></td>
<td>McCoy Natatorium and Indoor Tennis</td>
<td>$65,000,000</td>
<td>$0</td>
<td>$10,000,000</td>
<td>11/11</td>
<td>09/13</td>
<td>05/13</td>
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<td>Moore Building Renovation</td>
<td>$21,900,000</td>
<td>$18,000,000</td>
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<td>01/12</td>
<td>03/12</td>
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<td>Mueller and Whitmore Laboratory Renovations</td>
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<td>03/12</td>
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<td>Recreation Hall Air Conditioning</td>
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<td>03/12</td>
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<td>South Frear Third Floor Renovations</td>
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<td>South Frear Fourth Floor Renovations</td>
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<td>01/12</td>
<td>02/12</td>
<td>02/13</td>
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<td>South Halls Renovations and New Building</td>
<td>$94,100,000</td>
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<td>03/11</td>
<td>11/11</td>
<td>03/12</td>
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<td>Steam Production Modifications</td>
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<td>05/11</td>
<td>02/13</td>
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<td>Southside Renovation</td>
<td>$20,000,000</td>
<td>$0</td>
<td>$0</td>
<td>03/12</td>
<td>02/13</td>
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<td>Transformer Replacement Program</td>
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<td>N/A</td>
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<td>Water Treatment Plant</td>
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<td>N/A</td>
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<td>06/07</td>
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<td>West Campus Chilled Water</td>
<td>$119,000,000</td>
<td>$6,900,000</td>
<td>$0</td>
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<td>09/11</td>
<td>08/12</td>
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<td></td>
<td>West Campus Chilled Water Plant Chiller</td>
<td>$14,900,000</td>
<td>$0</td>
<td>$0</td>
<td>01/02</td>
<td>03/13</td>
<td>02/14</td>
</tr>
</tbody>
</table>

#### Summary of University Long-Term Debt - $(000) (excluding PCT)

| Total Bonds, Notes and Capital Leases as of June 30, 2011 | $1,044,193 |
| Bonds, Notes, and Capital Leases Issued Year to Date Fiscal Year 2011/12 | $1,200 |
| Year to Date Principal Payments and Premium Amortizations | ($38,307)* |
| Total Bonds, Notes and Capital Leases as of April 30, 2012 | $1,007,086 |

* Related Interest Expense Totals Approximately $36,126

#### Authorized Borrowing Status - $(000) (excluding PCT)

| Borrowing Authority per May 2007 Board of Trustees | $600,000 |
| Capital Leases, Bonds, & Notes Issued | ($313,548) |
| Future Capitalized Leases & Other Anticipated Commitments | ($6,000) |
| Estimated Authority Remaining | $280,452 |

**FB&CP**
Site of Struthers Family Career Services Center at Penn State Wilkes-Barre
CONTINUOUS CARE RETIREMENT COMMUNITY (CCRC)
Amended Ground Lease Term Sheet

1. **Leased Property:** The Leased Property is (50.515) acres of a parcel of land located adjacent to the Mount Nittany Expressway and Fox Hollow Road and defined in the February 1, 2002 ground lease with The Village at Penn State Retirement Community.

2. **Lessor:** Liberty Lutheran Housing Development Corporation, a Pennsylvania non-profit corporation.

3. **Term:** Initial Term of Thirty (30) years commencing on June 1, 2012.

4. **Renewal Options:** Two (2) fifteen (15) year renewal options to run consecutively, conditioned upon the Lessee not being in default at the time of the exercise of the option.

5. **Lease Payments:**
   
   (a) Base Lease Payment: Fifty Thousand and 00/100 ($50,000.00) Dollars per year.
   
   (b) Additional Annual Lease Payment: The greater of $3,000/acre or $360/independent living unit, assisted living unit and nursing bed constructed and placed in service. The additional annual payment will escalate based on the Consumer Price Index.
   
   (c) Rent Payable: Annual lease payments shall commence on the fifth (5th) anniversary of the commencement date.

6. **Net Lease:** The Lessee shall be responsible for all charges relating to the Leased Property including insurance, taxes, maintenance and utility costs as well as the costs of improvements.

7. **Option to Lease Additional Portions of the Land:** The lease does not contain any right of purchase of or refusal on demised premised, or any part thereof.

8. **Option to Purchase Additional Portions of Land:** The lease does not contain any right of purchase of or refusal on demised premised, or any part thereof.

9. **Construction of Improvements:** Lessee shall construct all improvements, additions and alterations to the existing Leasehold Improvements as are necessary for the construction and operation of the CCRC. Lessor shall have the right to approve the schematic plans for the improvements.

10. **Repairs and Maintenance:** Lessee shall have the responsibility for performing all repairs and maintenance on the Leased Property.