A meeting of the Board of Trustees was held in the Boardroom of The Nittany Lion Inn, University Park, Pennsylvania, at 1:30 p.m. on November 16, 2012.

The following Trustees were present: Peetz (chairman), Masser (vice chairman), Alexander, Arnelle, Broadhurst, Clemens, Cotner, Dambly, Deviney, Eckel, Erickson, Frazier, Greig, Hayes, Hintz, Khoury, Lubert, Lubrano, McCombie, Myers, Shaffer, Silvis, Strumpf, Suhey, Surma, and Taliaferro; and Trustees Emeriti Brosius, Coppersmith, Huck, Junker, Metzgar, Robinson, Rowell, Wise, and Wolff.

Present by invitation were faculty representatives Backer, Yarnal, and Hufnagel; student representatives Clark, Fisher, and Lennartz; ALC chair, David Hall; and staff members Ammerman, Bowen, DiRaimo, Dunham, Foley, Gaudelius, Gray, Hall, Jones, Joyner, Kirsch, Mulroy-Degenhart, Pangborn, Paz, Poole, Sims, and Weidemann.

Chairman Peetz had the following remarks:

"Good afternoon everyone. Thanks to all for attending our open Board of Trustees meeting. As you can see from the agenda, we will have reports from all of our standing committees and then have time for comment and questions. Before we dive into the agenda, let me provide some updates and progress on a number of fronts.

"In August, I spoke about our vision of establishing a group of distinguished individuals who would come together and focus on the fundamentals of our university and look out five to ten years and provide some insightful thinking to help us all prepare for the challenges ahead. This is our Blue and White Vision Council.

"I am pleased to say that today we announced the names of those individuals and also to report they have conducted their initial organizational meeting.

"They are an energetic, motivated and thoughtful group. From faculty, students, to members of the board they represent all parts of our Penn State community, across the spectrum.

"As you all know, we are fortunate to have as an advisor to this distinguished group, Dr. Stan Ikenberry, the former president of the University of Illinois and a distinguished Fellow of Penn State. With Stan's careful hand, I am certain this group will produce solid, creative and innovative thinking for us, especially as we prepare for a new president.

"In regards to the presidency of Penn State, you are all aware that President Rod Erickson accepted the difficult spot of leading our university over this past year and has done an outstanding job during these difficult and challenging times. [Applause]

"Rod has been our number one cheerleader, and a tireless supporter of all the good things about Penn State.

"Just several days ago, for example, Rod traveled to Washington to speak before the National Press Club.

"From all reports his presentation was well received and was another step to reminding and reinforcing the positive messages about Penn State. I encourage you to read President Erickson's talk, or view his presentation. Both are on the Penn State web site at www.live.psu.edu. Thanks Rod, for all that you have done for Penn State.

"As you all know, Rod announced that he will be retiring by June 2014. Consequently, we need to move forward with the presidential search, which will begin this month."
"I'd like to take a moment to share the specific steps for filling this critical role at Penn State. I also wish to emphasize that this needs to be a collaborative, inclusive process involving the entire Penn State community. To ensure this is the case, there is a three-step process that we will follow.

"A University Presidential Search and Screen Committee will be established to advertise the position, recruit candidates, and oversee the initial round of screening. This committee will be comprised of eight faculty members, two deans or chancellors, one member of the President's executive staff, three students, one alumni member, and one staff member. As in past years, the committee will reach out to all parts of our community for input and will work closely with the Trustee Presidential Selection Council which I will describe in a few minutes. The committee will then appropriately advertise the position and seek out nominations using the criteria and qualifications set forth by the community. We can expect that there will be great interest in the presidency of Penn State, and the Search and Screen Committee will play an essential part in the narrowing down the list of exceptional candidates.

"Second, as I mentioned, we will form a Trustee Presidential Selection Council to work in tandem with the Search and Screen Committee. The Trustee group will be comprised of 12 trustees and Peter Tombros, who's the chair of For the Future: The Campaign for Penn State Students. Peter has an incredible depth of knowledge and experience with Penn State and higher education, and we believe he will be a valuable member of this important committee. With the authorization to appoint the membership of the Trustee Selection Council later today, I will designate the other 12 members of the Council and announce them at the conclusion of this meeting.

"Third, once the period for accepting nominations is closed, the University Presidential Search and Screen Committee will review and evaluate all applications and will provide an appropriate list of candidates to the Trustee Presidential Selection Council. Additional reviews and interviews will begin at this time, and as in past presidential searches at Penn State, the Board will keep this community apprised of the process to the extent the candidates' privacy allows. According to our Charter, the final selection of the president rests with the Board, but I assure you, we will make it an inclusive process.

"Over the last year, the Board and the community have had our share of conflicts, but the selection of our next president is one of the most important decisions we, as a university, will make. I urge everyone to work together for our outstanding students, faculty, staff and alumni, and for the future of Penn State. Thank you in advance for your consideration and engagement in this process.

"Now let me touch briefly on another important topic. Progress on the evaluation and implementation of the 119 Freeh Report recommendations continues.

"As you may know, a few weeks ago we published a formal matrix of the status of all 119 recommendations. The matrix listed--in detail--where every recommendation stood. It also showed that we have already implemented a significant portion of the recommendations.

"We will be updating this matrix within the next few weeks and I anticipate even more progress.

"As I have said several times, this important work is being conducted in a deliberate and thoughtful way, with transparency and broad involvement of our Penn State community.

"We have board members intimately involved--a Board of Trustees Response Team, led by Vice Chair Keith Masser, an alumnus.

"We have senior administrative people involved--the Administrative Response Team.

"We have representatives from Staff and Athletics, the Hershey Medical Center, and of course, academic deans, chancellors, faculty and students, among them, many alumni.
This group is called the Implementation Advisory Council.

"It's worth noting that while these groups have each been working diligently on the recommendations, they collectively met just yesterday. And I can tell you that the thoughtfulness and thoroughness we need with regards to the recommendations, played out in an outstanding fashion in our meeting yesterday.

"The varied perspectives, the shared and distinct experiences of the participants will produce the best possible results for Penn State, and it reminded me, once again, of the broad and deep value of our Penn State community.

"I look forward to continuing to update you on our progress and meeting with you about this topic in this forum and others.

"Thank you again for your time and attention for those remarks."

Chairman Peetz welcomed University Faculty Senate Officers Larry Backer, Brent Yarnal, and Pam Hufnagel; Student Representatives Ben Clark, Wanika Fisher and Courtney Lennartz; Academic Leadership Council chair, David Hall.

Chair Peetz also welcomed the Constituent Representatives to board committees: Roger Egolf, Ginny Hosterman, Crystal Hubler, Katelyn Mullen, and Katie Smarilli.

It was voted to approve the minutes of the meeting of the Board held on September 14 and October 26, 2012.

**President's Report**

Dr. Erickson’s report is included as follows:

"Thank you and good afternoon.

"Before I begin my presentation, I want to recognize the passing of longtime benefactor and Distinguished Alumnus H. Campbell 'Cal' Stuckeman. He died in his Pittsburgh home yesterday. Cal's contributions are evident across the College of Arts and Architecture, most notably in the school and building that bear his name.

"Most recently, he made a $20 million gift to the Stuckeman School of Architecture and Landscape Architecture to encourage further cross-disciplinary learning opportunities for students in those two departments.

"Cal and his late wife Eleanor, who passed away in 2002, made their first gift to Penn State in 1953, and now rank among the five most generous donors to the University.

"Cal's family has been associated with Penn State for more than 100 years, and I'm very pleased that in recent years he remained so engaged with us. Cal Stuckeman will be greatly missed.

"This Board meeting comes one year from my appointment as president, so I guess that means that the honeymoon period is officially over. It has been a long year by any measure, and at the same time, it has flown by.

"As a community, we've learned much about ourselves, our many cultures, our values and our vision. In particular, I want to commend our students for their caring and commitment to others, as well as their resilience and their positive energy.

"The Daily Collegian and Onward State deserve a special mention. As reporters and journalists, these students needed to fully and responsibly cover the Sandusky scandal, and yet, they seemed to be able to do it without unduly maligning their university. They have also kept up their spirit over last year. For example, Onward State recently posted '100 Reasons Why We Still Are.' It's a wonderful list of academic achievements, athletic accomplishments, service work, social activities and quirks that make Penn State special. For example, reason
number 10--'The friendly Penn State squirrels'; and number 51--'Alumni created businesses that help serve the greater world.' I believe yesterday was the 50th anniversary of the founding of AccuWeather by Trustee Joel Myers; congratulations Joel. [Applause]

"And even Adam Taliaferro made the list, coming in at number 93, so I guess he didn't rank quite as highly as our squirrels. They weren't in any particular order, Adam.

"Now, I have some excellent news to share. Today, the Middle States Commission on Higher Education verified that Penn State is in full compliance with all of the requirements, and that our University's accreditation is solid. [Applause]

"Their report unequivocally stated that Penn State meets all quality standards for accreditation, and it also acknowledged the University's resilience, fiscal stability and rapid change in the face of numerous challenges. Today's news lifts a 'warning' that Middle States had issued to Penn State on August 8, based on the fallout from the Sandusky scandal.

"While the Penn State accreditation always remained intact, a group of Middle States evaluators visited Penn State in mid-October. After a thorough review, the team determined that Penn State is responding appropriately to the leadership, governance and financial challenges created by the scandal. The evaluation team's report states it is 'impressive by the degree to which Penn State has risen, as a strong campus community, to the sad events that led to its placement on 'warning' status.' It also said Penn State's processes to respond to the Freeh recommendations has been 'thorough, inclusive, systematic and timely.'

"The evaluators also commended the entire Penn State community for its response to tragic events in a way that, to date, has emphasized unity and positive change over recrimination.'

"Other notable areas of the evaluation that impacted the commission's decision were:

"First, swift changes in the Board of Trustees, including structure and processes, and replacement of key administrative leaders;

"Second, efforts to increase awareness of child abuse and sexual assault across the University;

"Third, the creation of new positions to ensure campus knowledge of and compliance with laws and regulations; and

"Finally, the development and revision of numerous policies to address current concerns related to integrity.

"We appreciate the responsiveness of the Middle States Commission to our request for a timely review and the Commission's actions to remove the warning. Obviously the action will reassure our current and prospective students and their parents. To read the full report, please visit www.live.psu.edu; the reports are already posted online.

"The Commission has asked that we report one year from now on our progress in several areas, including the implementation of the Freeh recommendations, the impacts on our University budget of the various continuing investigations and potential liabilities, and our changes to our Trustee Bylaws that will firm-up various aspects of committee representation of faculty, staff, and students on our Trustee committees as well as various reporting lines that have already been put into place.

"This afternoon, you'll be hearing a report on Penn State's admissions, enrollment and financial aid numbers, so I'll just comment briefly on our current status in the admissions cycle.

"Penn State has received approximately 27,000 undergraduate applications by this time, the beginning of the heaviest months of the year for applications. Although somewhat down from the record numbers seen in the last couple of years, and approximately at the
pace of 2009, we are on track to admit another outstanding class rich in geographic diversity.

"This year, our incoming class was among the finest ever admitted to Penn State, and the quality of the applicant pool for next year is identical.

"As they say, 'even Harvard recruits,' and we have stepped up our in-state, out-of-state and international recruiting efforts this cycle to attract the best possible students. We're also launching an exciting new program that will connect our current students with prospective students from their hometowns, an initiative that was the idea of our current students.

"Anne Rohrbach and Anna Griswold will provide more details on admissions and financial aid in their upcoming presentation.

"There is no doubt that it has been a challenging year at Penn State, but we have never faltered in our commitment to providing a top tier education at a public university price. We're doing our absolute best to hold the line on tuition increases, which is why this year we had the lowest tuition increase in 45 years. Working in concert with the state, we hope to be able to maintain this trend.

"In keeping with the need for collaboration, I'm pleased to report that the Advisory Commission on Postsecondary Education has completed our charge by Governor Corbett. Yesterday, we submitted a report that outlines 19 key recommendations, approved unanimously, for improving educational and training choices for the future. The Commission's work was a learning experience in itself and a great opportunity to collaborate with 30 other commissioners drawn from education, business, and government in search of common goals and supporting recommendations.

"There are four major goals articulated in the report. They focus on providing opportunities for lifelong learning; ensuring greater access to and affordability of postsecondary education; supporting the diversity and richness of Pennsylvania's educational system; and enhancing the Commonwealth's economic vitality and the state's ability to compete in the global economy.

"The report affirms the need for renewed and stable public funding, while embracing the concept of performance-based allocations for future funding streams and cost containment efforts.

"I'm very pleased that the report recognizes the importance of ensuring the health and vitality of our public educational institutions. It also recognizes the key role that Pennsylvania's research universities--both public and private--play in the state's business and workforce development--and the need to invest in these university drivers of national and global economic competitiveness through innovation and advanced research, especially in science, technology, engineering and medicine.

"You can find more information at www.pahigheredcommission.com. I hope you will study the Commission's work, and that we will have an opportunity to discuss various aspects of the report in our own Penn State context during future committee meetings of the Board. I believe the report can also help to inform the deliberations of Penn State's new Blue-White Vision Council.

"Despite a year of challenges and change, Penn State and our surrounding community continue to earn top spots in national rankings.

"This year, State College was ranked third-best among college towns for college students by the American Institute for Economic Research. This ranking was based primarily on the academic environment, quality of life, and professional opportunity.

"True to our roots in agriculture, the Dairy Judging team from Penn State's College of Agricultural Sciences took top honors at the recent Intercollegiate Dairy Cattle Judging Contest in the 2012 World Dairy Expo. Notably, this competition was held in Madison,
Wisconsin, which as you know is a state where they proudly wear wedges of cheese on their heads. (I confess I have a cheese head back at my home in honor of my home state!) Winning a dairy competition there is real a feat, and Penn State bested a group of nineteen other teams.

"Penn State was also recognized among the top producers of U.S. Fulbright Scholars. During this academic year, ten Penn State students will do research abroad and teach English in countries including Sri Lanka, Poland, Singapore, Botswana, Croatia, and Macau.

"For the fifth year in a row, Penn State ranks high in the number of graduating seniors entering Teach For America. Among schools with more than 10,000 students, Penn State posted the seventh-highest number this year, up from a 15th place ranking last year.

"This fall, 64 recent Penn State graduates have joined the corps, which makes a total of 450 Penn Staters who have worked with Teach for America since 1990.

"Erin Ball, a member of the Penn State class of 2011, teaches in South Carolina. She said, 'I joined Teach For America so I could do my part to ensure that children growing up in poverty have the same shot at a great education as kids in more affluent communities. I'm thrilled to know that so many of the Penn State class of 2012 are partners in this critical work.'

"Penn State was also recently recognized by the U.S. State Department as one of the nation's top institutions with the most international students. According to the Open Doors 2012 report produced by the Institute of International Education, Penn State now ranks 12th, up three spots from last year. This is consistent with the double digit percentage increases we've seen in applications for admissions from international students, which this year are up ten percent. According to the Assistant Secretary of State, Ann Stock, 'International Education strengthens economies, cultivates globally-minded leaders and advances foreign policy priorities at home and around the world.'

"What's more, in addition to the cultural exchange benefits, international students have a significant impact on the economy. The aggregate net economic contributions of international students to the U.S. economy last year was about $22 billion, of which Pennsylvania was the sixth largest beneficiary, with more than $1 billion.

"For the first time, Penn State ranked number one in the Commonwealth, ahead of the University of Pennsylvania, with more than $187 million in revenue from international student enrollment.

"Despite the travel challenges presented by Hurricane Sandy, scholars, practitioners, survivors and members of the public convened for Penn State's Child Sexual Abuse Conference. Highlights of the conference were many, including the keynote address by Sugar Ray Leonard and a message of hope offered by Elizabeth Smart to close the conference. Recordings of many of the sessions can be found at www.protectchildren.psu.edu.

"This was a wonderful week for children and families in Central Pennsylvania, because on Tuesday we dedicated the Penn State Hershey Children's Hospital. Ford Stryker will provide more details on the building in his presentation later today, so I'll just say that this hospital will advance the extraordinary care that has made the Children's Hospital a leader in pediatric medical care.

"The realization of this project represents a wonderful collaboration among medical professionals, patients, donors, the legislature, and business partners. It also brings new hope for families, and it will promote health and wellness in the community. Hal Paz, Senior Vice President for Health Affairs and CEO of the Penn State Hershey Medical Center, played a critical role throughout this process. He was also recently elected to the position of chair-elect of the Association of Academic Health Centers Board. This nonprofit association is dedicated to advancing the nation's health and well-being through leadership of academic
health centers. Please join me in recognizing Hal for his leadership and vision. [ Applause ]

"This fall marked the 40th anniversary of the Palmer Museum of Art, which is a success story in its own right. It is interesting to note that when the Museum opened its doors, it had no permanent collection. It was solely for temporary exhibitions. But on that opening day in 1972, more than 1,500 people visited the Museum, and over the years it has grown into the most comprehensive art museum between Pittsburgh and Philadelphia.

"In 1986, a renaming took place when James and Barbara Palmer contributed a lead gift toward expansion efforts. This year there will be about 36,000 visitors, and I encourage all of you to be part of that crowd. For the anniversary, nearly all the items throughout the museum are from the permanent collection, including works by the likes of Pablo Picasso and Roy Lichtenstein.

"Turning your attention to research. Over the last two months, Penn State faculty members have received a number of high profile awards. Among them are:

"Penn State's International Center for the Study of Terrorism is part of the $1.48 million research collaborative that will study violent extremism among Somali refugee groups in North America. The project is under the direction of John Horgan, who is internationally renowned for his work to counter violent extremism and to contribute to national security. The work is sponsored by the Minerva Research Initiative of the Department of Defense and the National Institute of Justice.

"One month ago today, U.S. Department of Agriculture Secretary Tom Vilsack awarded Penn State a $10 million research grant to develop biomass supply chains for the production of liquid transportation and aviation biofuels in the Northeast.

"This will contribute to improving rural prosperity and create jobs. The award is through the National Institute of Food and Agriculture, and will be led by Tom Richard, professor of agricultural and biological engineering and director of Penn State Institutes of Energy and the Environment.

"The last award I will mention today is an $11.9 million National Science Foundation award to support the establishment of a multi-institution research network on Sustainable Climate Risk Management strategies. This network is centered at Penn State and spans nine additional U.S. universities and research institutes. Klaus Keller, associate professor of geosciences, will direct the Network in its efforts to help formulate sustainable climate risk management strategies.

"Last academic year, new awards for research reached $770 million, a nearly 11 percent increase over the previous year. So far this academic year, new awards are running on pace with last year's record level. This success has been occurring as the federal funding environment has become even more competitive, and is a tribute to the outstanding quality of the Penn State faculty. The Colleges of Health and Human Development, Engineering, and Earth and Mineral Sciences, in particular, have been on an incredible roll this year, and I couldn't be more proud of all of our faculty.

"As I told the National Press Club two weeks ago, there's a great deal that is right about athletics at Penn State. Our student-athletes graduate well above their peers nationwide. This year they earned an 88 percent graduation success rate compared to 80 percent for all Division I schools; the football team's rate is 91 percent.

"This level of achievement spans all sports teams, academic majors and ethnicity: notably African-American student-athletes earned a record 90 percent rate, which is 25 points higher than the national average.

"Just last week four Penn State student-athletes were selected to the Capital One/CoSIDA Academic All-District® Football Team. They will be eligible for consideration for the Academic All-America® Team.
"Penn State's honorees are: defensive end Brad Bars, linebacker Ben Kline,
defensive end Pete Massaro and guard John Urschel.

"With four honorees, Penn State leads all Football Bowl Subdivision institutions and
tied Duke, Nebraska and Northern Illinois. The quartet of honorees is the most for the Nittany
Lions since 2009.

"This fall has also seen some powerhouse performances by our student-athletes in
field hockey, soccer, cross country, volleyball, and ice hockey. Basketball and wrestling are
just getting started, and they look to be exciting seasons as well.

"Of special note: tonight at Jeffrey Field, our top-seeded women's soccer team will
face Boston College in the second round of the NCAA tournament. The women are the Big
Ten Champions for the 15th straight season.

"Tomorrow, the Penn State women's cross country squad will be competing in the
NCAA Championships in Louisville. The women's team took top honors at the NCAA
Mid-Atlantic Regional, edging defending NCAA Champion Georgetown. Senior Sam Masters
will also be competing at the Championship. He received one of 29 individual spots.

"In development news, we continue to move closer to our $2 billion goal for For the
Future: The Campaign for Penn State Students. The campaign remains ahead of schedule
in terms of progress toward goal relative to time elapsed, and we have had excellent turnouts
at recent events including our Volunteer Summit, President's Club Reception, and our first
Celebrating Faculty Endowments Dinner. More than 1,200 people participated in those three
events, and in each case, it was a genuine atmosphere of celebration--made even more
special by additional leadership gifts: Jeff and Cindy King committed an additional $3 million
gift, which will direct funding to faculty endowments; and Peter and Ann Tombros committed
an additional $5 million, bringing their generous total to $10 million.

"The Class of 2013 has chosen a very special gift to the University. The sculpture
will consist of large, three-dimensional letters, spelling the iconic 'We Are,' with the words of
the Penn State Alma Mater inscribed across them in the original handwriting of Fred Lewis
Pattee.

"These are two of the most cherished expressions of who we are. In addition,
because the students rallied together to secure more than 3,000 commitments to the class
gift, Ed and Helen Hintz have pledged to endow a Trustee Scholarship in the class's name.

"Thank you Ed and Helen for making this great class gift tradition even more
meaningful. [Applause]

"Jeffrey Immelt, chairman and CEO at General Electric, paid a visit to the University
Park campus in October, which highlighted his company's ongoing partnership with Penn
State. He talked to students, faculty and staff about the importance of continued
collaboration between GE and Penn State, focusing on the education of a global workforce
and continued innovation through research. He also presented $400,000 to support
scholarships in three Penn State colleges and sponsored research in the College of
Engineering.

"Students at Penn State Erie, The Behrend College, will have unprecedented access
to world-class animation and modeling software thanks to a gift, valued at $21.7 million, from
Autodesk®, a leading global developer of 3-D design, engineering and entertainment
software. This is the first time Autodesk® has provided full access to its top products through
a grant of software to a college or university, and it is the largest-ever gift to Penn State
Behrend. Every student and faculty member at Penn State Behrend has access to this
software. This will be a game-changer for our students.

"As you've heard in this report, Penn State continues to move forward and embrace
the challenges. Not only those that have come from the events of the past year, but those
that come from being part of the larger, higher education landscape, and being a large public
land grant research university, and yes, a university that continues to believe that great academics and great athletics can not only co-exist, but can be mutually reinforcing components of a university education.

"I hope you share my pride in our students, faculty, staff and the hundreds of thousands of Penn State alumni and friends. Our difficulties are not over, but I assure you that Penn State's best days are still ahead.

"Thank you for the opportunity to share these thoughts with you, and now I'd be happy to take your questions. Thank you."

President Erickson received questions or comments concerning:

- Performance of University in handling difficulties and challenges
- Positive impact of Child Sexual Abuse Conference

**Reports from Standing Committees**

Chairman Peetz advised that committees will be called into session to consider any action items. Committees will take action if necessary, however, the full Board will not be asked to consider committee recommendations until the Public Expression session has concluded.

A. **Committee on Academic Affairs and Student Life**

A quorum of the Committee on Academic Affairs and Student Life was present with the following members in attendance: Alexander (chair), Khoury (vice chair), Erickson (ex-officio), Hayes, McCombie, Peetz (ex-officio), and Taliaferro.

Chair Alexander reported that since the last meeting, the Committee had an opportunity to receive a report from Vice President for Student Affairs Damon Sims regarding his meeting with faculty and first-year students to reflect on their collegiate experience to date. Chair Alexander called on Vice Chair Peter Khoury to provide a report on an initiative devoted to addressing student debt and financial literacy.

Chair Alexander reported that in review, the Committee has determined that the Freeh recommendations which address 1) the need for the integration of academic and athletic programs, and 2) assurance that consistency in standards of conduct are applied to all students have been completed. There were no recommendations for action presented to the Board of Trustees.

The Committee received the following items for information:

1. Information on Undergraduate Programs
   a) Bachelor of Science in Plant Sciences and Agroecology Option, Crop Production Option, Horticulture Option and Plant Science Option in the College of Agricultural Sciences: New Major and New Options
   b) Ceramic Science and Engineering Option, Electronic and Photonic Materials Option, Metals Science and Engineering Option and Polymer Science and Engineering Option in the Bachelor of Science in Materials Science and Engineering in the College of Earth and Mineral Sciences: Drop of Options
   c) Business/Public Administration Option in the Bachelor of Science in Criminology in the College of the Liberal Arts: Change in Name from the Business Option

[Item A.1.c was provided as supplemental information to the consent agenda items.]

2. Information on Graduate Programs
   a) Master of Science (M.S.) Degree in Counselor of Education in the College of Education: Drop of Degree
   b) Instructional Systems Graduate Program in the College of Education: Change of Name to Learning, Design, and Technology: Change of Name to Learning, Design, and Technology
c) Master of Science (M.S.) Degree Program in Nursing in the School of Nursing: Change in Requirements; and Master of Science Nursing (M.S.N.) Degree in Nursing: New Degree and New Options

An informational report on Penn State's Admissions, Enrollment and Financial Aid was presented by Ms. Anne L. Rohrbach, Executive Director for Undergraduate Admissions, and Ms. Anna M. Griswold, Assistant Vice President for Undergraduate Education and Executive Director for Student Aid.

B. Committee on Audit and Risk

A quorum of the Committee on Audit and Risk was present with the following members in attendance: Surma (chair), Deviney (vice chair), Eckel, Erickson (ex-officio), Lubert, Masser, Peetz (ex-officio), and Strumpf.

Chair Surma reported that the Committee on Audit and Risk met on October 26, 2012. At the meeting, the Corporate Controller, Joseph J. Doncescz, provided an informational report on the audit of June 30, 2012 University financial statements and a report on financial operations. Deloitte and Touche representatives were in attendance and provided communication on auditing standards. In public session, a motion was approved by the Committee to accept the audited financial statements on behalf of the board. The Committee also reviewed and approved the Internal Audit charter.

There were no recommendations for action to present to the Board of Trustees.

C. Committee on Finance, Business and Capital Planning

Chair Strumpf reported that a quorum of the Committee on Finance, Business and Capital Planning was present with the following members in attendance: Strumpf (chair), Silvis, (vice chair), Clemens, Cotner, Dambly, Erickson (ex-officio), Hintz, and, Peetz (ex-officio).

Chair Strumpf reported that since the last meeting, the Committee had the opportunity to receive information on 1) reports on data centers, 2) the work of the budget planning task force, 3) implementation of the Freeh Report recommendations, 4) and the work of the Human Resources Subcommittee, and was 4), supportive of the Penn State Investment Council's recommendation that the endowment spending rate remain at 4.5 percent for next year.

The Committee on Finance, Business and Capital Planning recommended that the Board of Trustees approve the following resolutions:

1. 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.

2. 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 November 16, 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.

3. WHEREAS, in January 2011, the Board of Trustees ratified the memorandum of agreement to support a visiting scientist between SilcoTek Corporation (the sponsor) and the University to provide financial support to the visiting scientist in Materials Research Institute identified by the sponsor for a period of one year in the amount of $24,000, and

   WHEREAS, in November 2011, The Board of Trustees approved extending the memorandum of agreement to support a visiting scientist between SilcoTek Corporation (the sponsor) and the University for an additional year, and
WHEREAS, it is desired to extend the period of performance for two additional years with no cost extension,

RESOLVED, that the proposed amendment to the memorandum of agreement to extend the period of performance for two additional years is approved.

4. RESOLVED, That the transaction whereby the University has paid for event-related expenses for the 2011 WPSU Wine Festival to the Mount Nittany Inn for a cost of $14,414.93 is ratified.

5. RESOLVED, That the final plans for the Old Main Renovations, University Park, as designed by the firm of Ann Beha Architects of Boston, Massachusetts, are approved.

FURTHER BE IT RESOLVED, That authorization to award contracts to construct the project be approved at a cost of $11,000,000.

6. WHEREAS, The Board of Trustees wish to convert the West Campus Steam Plant from burning coal to gas,

RESOLVED, That the final plans for the West Campus Steam Plant Modifications, University Park, as designed by the firm of Burns and McDonnell of St. Louis, Missouri, are approved.

FURTHER BE IT RESOLVED, That authorization to enter into a thirty year contract with Columbia Gas of Pennsylvania, Inc. to provide natural gas service to the West Campus Steam Plant be approved.

FURTHER BE IT RESOLVED, That authorization to award contracts to modify the West Campus Steam Plant and to ensure the appropriate supply of natural gas be approved at a cost of $48,300,000.

7. RESOLVED, That the final plans for the Health and Human Development Building at University Park, as designed by the firm of Bohlin Cywinski Jackson of Wilkes-Barre, Pennsylvania, are approved.

FURTHER BE IT RESOLVED, That authorization to award contracts to construct the project be approved at a cost of $58,500,000.

8. RESOLVED, That the final plans for the Recreation Hall Main Gymnasium Air Conditioning, University Park, as designed by the firm of Altieri Sebor Weiber of Norwalk, Connecticut, are approved.

FURTHER BE IT RESOLVED, That authorization to award contracts to construct the project be approved at a cost of $5,500,000.

(Trustee Silvis abstained from the Committee vote on Action Items C.3 and C.4)

Following the Public Comment session the Board voted to approve the action items as recommended by the Committee of Finance, Business and Capital Planning. Trustee Silvis abstained from voting on Action Items C.3 and C.4.

The Committee received the following items for information:

1. Rider Building Utility and Roof Renovations, University Park
2. Recreation Hall and Academic Activities Building Roof Replacement, University Park
3. Seventh Floor Conversion to Adult Beds, The Milton S. Hershey Medical Center
4. East Addition Air Handler and Roof Replacement, The Milton S. Hershey Medical Center
5. Wastewater Treatment Plant Upgrade, Penn State Wilkes-Barre

6. Naming of Rooms, Portions of Buildings and Plazas
   
a) Name the Lewis Katz Hall Commons 113 in recognition of a gift from William and Dianne Kollas. The recognition plaque should read: William C. Kollas '59 and Dianne L. Kollas Lobby, Given in loving memory of our parents, who encouraged giving.

b) Name the following spaces within Trickett Hall, Carlisle: 1) Faculty Office 211, Trickett Hall, in recognition of a gift from the Honorable Sylvia H. Rambo. The plaque should read: The Honorable Sylvia H. Rambo '62, Faculty Office; 2) Faculty Office 205, Trickett Hall, in recognition of a gift from the Honorable Helen S. Balick and the Honorable Bernard Balick. The plaque should read: The Honorable Bernard Balick '66 and, The Honorable Helen S. Balick '66, Faculty Office; 3) Faculty Office 244, Trickett Hall, in recognition of a gift from the late Honorable John B. Hannum Sr. and family. The plaque should read: The Honorable John B. Hannum Sr. '41, Faculty Office, John B. Hannum Jr. '73, Richard Penn Smith Hannum '74; 4) Faculty Office 238, Trickett Hall, in recognition of a gift from Dale F. Shughart. The plaque should read: Dale F. Shughart Jr. '74, Faculty Office

c) Name the Administrator's Office, Room 202A, Lasch Building in recognition of a commitment from Suzanne M. Lord. The plaque should read: Suzanne M. Lord, Administrator's Office

d) Name the following spaces within Pegula Ice Arena: 1) Cardio Room, Pegula Ice Arena, in recognition of a commitment from Barry and Faith Pennypacker. The plaque should read: Adam and Amanda Pennypacker, Cardio Room; 2) The Women's Director of Operations Office, Pegula Ice Arena, in recognition of a commitment from an anonymous donor. The plaque should read: Loyal Nittany Lion Club Member, Women's Director of Operations Office; 3) The Home Team Bench, Pegula Ice Arena, in recognition of a commitment from the Ray Lombra family. The plaque should read: The Lombra Family Home Team Bench

e) Name 42 spaces within the Penn State Children's Hospital as designated in Appendix II.6 of the agenda.

[See Appendix I]

7. Sale of Gifted Property at 237 Beartown Mountain Road, Monterey, Massachusetts

8. Status of Major Construction Programs and Borrowing

9. Conflict of Interest Disclosure

10. Summary and Designation of Gifts Received by the University


12. Informational Report on 2012 Senior Class Gift--Nittany Lion Shrine Historical Display and Beautification

13. A photo report on the progress of selected construction projects was presented including: 1) South Halls Renovation, Phase 1, University Park, 2) Moore Building and Cedar Building renovations, Phase 2, University Park, 3) Pegula Ice Arena, University Park, 4) Children's Hospital, Penn State Hershey Medical Center.

D. Committee on Governance and Long-Range Planning

A quorum of the Committee on Governance and Long-Range Planning was present with the following members in attendance: Broadhurst (chair), Surma (vice chair), Arnelle, Clemens, Erickson (ex-officio), Masser, Myers, Peetz (ex-officio), and Shaffer.
Chair Broadhurst reported that since the last meeting, the Committee has discussed the following items: 1) The Presidential search process and the development of a selection council, 2) the role of the Emeriti Members of the Board, 3) a review of Conflict of Interest policies specified in Freeh Recommendation 3.2 and the Auditor General's report, 4) existing expectations of membership and standards of Trustee conduct as specified in Freeh Recommendation 3.5, and enhancement of Trustee performance, and 5), the January 2013 Board of Trustees Retreat and plans for inclusion of a self-assessment tool.

Chair Broadhurst called on Senior Vice President for Finance and Business/Treasurer David Gray for a status report on the Freeh Recommendation Implementations. Mr. Gray reported that the University is at the half-way point of completion of the 119 Freeh recommendations; the completion of many other recommendations is imminent. Major accomplishments since Mr. Gray's last report are: 1) the implementation of a dual-reporting line from all campus HR administrators to the University's chief Human Resource officer, 2) the completion of nearly 21,000 background checks for employees, contractors, and volunteers, 3) the completion of 11 of the 12 recommendations in Section 5 of the report (Athletics), and 4), the Freeh Report Advisory Council has been meeting with key administrators who have responsibility for implementing one or more of the recommendations designated in the report.

The Committee on Governance and Long-Range Planning recommended that the Board of Trustees approve the following resolutions:

1. RESOLVED, That the Board of Trustees authorizes the establishment of a Trustee Presidential Selection Council to serve until the new President of The Pennsylvania State University assumes office; and

   FURTHER BE IT RESOLVED, That the Trustee Presidential Selection Council be authorized to develop and implement the necessary criteria and procedures to ensure breadth, equal opportunity, timeliness, confidentiality, and appropriate University community involvement in the search process; and to recommend to the Board of Trustees an individual for appointment to the position of President of The Pennsylvania State University to assume office no later than July 1, 2014.

Following the Public Comment session the Board voted to approve the action item as recommended by the Committee on Governance and Long-Range Planning.

E. Committee on Legal and Compliance

A quorum of the Committee on Legal and Compliance was present with the following members in attendance: Eckel (chair), Lubert, (vice chair), Deviney, Erickson (ex-officio), Frazier, Greig, Masser, Peetz (ex-officio), Surma, and Taliaferro.

Chair Eckel reported that the Subcommittee on Legal, chaired by Trustee Lubert, meets on a weekly basis; Trustee Taliaferro has recently joined this Subcommittee, and it is recommended that Trustee Taliaferro join the full Committee. The Committee has reviewed work completed by Vice President and General Counsel Stephen Dunham and Trustee Deviney to develop a charter and guidelines for the Committee; the initial working document is comprehensive, and the Committee hopes to present a recommendation for approval of this document at the January 2013 meeting of the Board.

Chair Eckel called on Vice President and General Counsel Stephen S. Dunham for a report on the Code of Conduct for Intercollegiate Athletics. Mr. Dunham reviewed the intent and mission of the document; it is intended to serve Penn State University, and is consistent with the University's sense of values and expectations for ethical conduct. Mr. Dunham noted that this code is separate from the Consent Decree signed by the President and that voting to approve the code is not a vote to approve the Consent Decree.

The Committee on Legal and Compliance recommended that the Board of Trustees approve the following resolution:
1. RESOLVED, That the Board of Trustees approves the Code of Conduct for Intercollegiate Athletics substantially in the form attached with such changes as may be approved by the President and the Athletic Integrity Council. [See Appendix II]

[A revised Code of Conduct for Intercollegiate Athletics was distributed at the meeting.]

Following the Public Comment session the Board voted to approve the action item as recommended by the Committee of Legal and Compliance; it was agreed that the meeting minutes would reflect that the approval of this resolution does not constitute the Board's approval of the Consent Decree signed by President Erickson.

F. Committee on Outreach, Development and Community Relations

A quorum of the Committee on Outreach, Development and Community Relations was present with the following members in attendance: Dambly (chair), Suhey, (vice chair), Deviney, Erickson (ex-officio), Lubrano, and Peetz (ex-officio).

Chair Dambly reported that since the last meeting, the Committee had an opportunity to discuss the recent 1) Child Sexual Abuse Conference, 2) Dr. Erickson’s recent appearance at the National Press Club, 3) Commonwealth Campus Advisory Group meetings, 4) a meeting with the Alumni Association and plans for future "messaging," 5) the creation of a “stakeholders” database for communication purposes, 6) the FACES program which showcases personal accomplishments and public contributions and spirit resulting from the Penn State educational and community experiences, and 7), the addition of the The LION to Twitter.

There were no recommendations for action presented to the Board of Trustees.

Public Comment

Six speakers were present to share their views and visions for the enhancement of Penn State:

1. Gene Lizardi, an alumnus of the University, spoke on his disapproval of the Board of Trustees actions and inactions

2. Phillip Shultes, an alumnus of the University, asked to comment on the Informational Report on Enrollment and Student Financial Aid, as well as the Committee on Outreach, Development, and Community Relations

3. Elizabeth Morgan, an alumna of Penn State, addressed the topic of awarding contracts without public disclosure of bidders

4. Alice Pope, an alumna of the University, asked to speak to two topics; first the NCAA sanctions, and second, the Code of Conduct for athletics

5. Patty Kirschner, an alumna, asked to provide input in five areas: the informational report on Enrollment and Student Financial Aid; proposed final plans for several construction contracts; conflict of interest disclosure; the special meeting of the Board on October 26, 2012; and the University budget

6. Doreen Schivley, an alumna, asked to speak to the Freeh Report and the University's Standing Orders

Allison Ingersoll and Aaron Dillen, both current students, were scheduled to present their comments but were not in attendance at the meeting.

Chair Peetz thanked all for their participation and support of Penn State.
Legal Matters

Stephen S. Dunham, Vice President and General Counsel, requested a point of personal privilege to thank members of the Legal Subcommittee for their work; he reported that Ken Fineberg and Mike Rosen are continuing their conversations with victims’ counsel in civil cases; he reported that state and federal investigations are continuing; and finally, he reported that the NCAA monitor’s report should be presented to the University, the NCAA, and the Big 10 by the end of November, 2012.

Appointment of a Screening Committee for the Distinguished Alumni Award

It was voted to authorize the President of the Board to appoint a committee to screen all nominees for the Distinguished Alumni Award, and present a slate at the January 2013 meeting.

Recommendation for Approval to Grant Honorary Degree

The Board of Trustees voted to adopt the following resolution:

RESOLVED, that the Board of Trustees approves the granting of the Honorary Doctorate of Science to Dr. Mildred Dresselhaus at an upcoming commencement ceremony.

Announcement by the Chairman of the Board of Trustees

Chairman Peetz in her remarks:

- Reminded all of a short Press Conference in the Senate Suites following the meeting
- Announced that the following would serve on the Trustee Presidential Selection Council: Trustees Alexander, Broadhurst, Dambly, Eckel, Frazier, Hintz, Khoury, Lubert, Masser, Silvis, and Strumpf; and Campaign Chair Tombros; Chair Peetz will serve as chair for the Selection Council
- Thanked trustees for their stewardship and commitment to the University through these past months of meetings, issues and phone calls

The meeting adjourned at 4:26 p.m.

Respectfully submitted,

Paula R. Ammerman
Associate Secretary
Board of Trustees