MINUTES OF MEETING

C. COMMITTEE ON FINANCE AND PHYSICAL PLANT

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September 19, 2008

A meeting of the Committee on Finance and Physical Plant was held in the Boardroom of The Nittany Lion Inn, University Park, Pennsylvania, at 1:30 p.m. on September 19, 2008.

The following Committee members were present: Broadhurst and Spanier (ex officio), Strumpf (chair), Henning (vice chair), Chaiken, Clemens, Eckel, Hintz, Lubert, Metzgar, and Surma. Also present were Trustees Alexander, Arnette, Garban, Hayes, Hetherington, Huber, Hughes, Jones, Joyner, Junker, Masser, Myers, Poprik, Riley, Shaffer, and Zahorchak; Trustee Emeriti Beahm, Cook, Coppersmith, Huck, Rowell, Wise, Wolff, and Wood; and Governor’s Representative Lewis.

Present by invitation were faculty representatives Boehmer, Blood, and Coraor; student representatives Keirans, Khoury, and Mendoza; staff members Ammerman, Bechtel-Wherry, Branigan, Curley, DiEugenio, Dolbin, Erickson, Kirsch, Mahon, Pangborn, Paz, Poole, Romano, Schultz, Sims, Stryker, Turow, and Weidemann; and Mr. Courtney of McQuaide Blasko.

Chair Strumpf called the meeting to order.

The Committee on Finance and Physical Plant voted to recommend to the Board of Trustees approval of the following resolutions which were included in the Meeting Agenda:

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 and Physical Plant at its meeting of September 19, 2008.

   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. RESOLVED, That the various buildings listed at Penn State New Kensington be renamed as stated to reflect their current usage.

4. RESOLVED, That the new sports medicine facility at The Milton S. Hershey Medical Center is named the "West Campus Health & Wellness Center."

5. RESOLVED, That the building currently known as Eberly Classroom Building at Penn State Fayette, The Eberly Campus, is named "Eberly Building."

6. RESOLVED, That the building currently known as Multi-Purpose Building at Penn State Schuylkill, is named "Health & Wellness Building," and the building currently known as the Maintenance Building is named the "Business & Academic Services Building."

7. RESOLVED, That the building currently known as Residence A at Penn State Mont Alto, is named "Maurice K. Goddard House."
8. RESOLVED, That the Board of Trustees approve the establishment of a Subcommittee on Finance of the Committee on Finance and Physical Plant, which will be responsible for reviewing on a regular basis certain of the University’s material financial matters, including the operating and capital budgets, balance sheet management and debt strategy, and informing the Committee on Finance and Physical Plant regarding relevant financial oversight matters.

FURTHER RESOLVED, That Standing Order I of the Standing Orders of the Board of Trustees be revised as follows:

ORDER I. THE FOLLOWING COMMITTEES AND SUBCOMMITTEES ARE HEREBY ESTABLISHED:

(1) Nominating Committee. The President of the Board, after consultation with the President of the University, is authorized to appoint a nominating committee composed of three members to recommend to the Board candidates for election to membership on the Executive committee and to recommend candidates for the rank of trustee emeritus in accordance with established guidelines.

(2) Subcommittee on Architect/Engineer Selection (of the Committee on Finance and Physical Plant).
(a) This subcommittee will be composed of three members of the Committee on Finance and Physical Plant.
(b) When it becomes necessary for the Board to appoint an executive architect or engineer for University physical plant projects, University staff will prepare a list of not less than three nor more than five firms for consideration by the subcommittee.
(c) The qualifications of these firms to perform this particular professional activity as well as background information regarding the type of firm and previous professional work will be presented to the subcommittee.
(d) Based on this information, and upon any recommendation that may be forthcoming from a program committee, and any additional information the subcommittee may request, the subcommittee, after discussion with the staff, will recommend to the Committee on Finance and Physical Plant the firm that they recommend the Board should appoint.

(3) Subcommittee on Audit (of the Committee on Finance and Physical Plant).
(a) This subcommittee will be composed of four members of the Committee on Finance and Physical Plant.
(b) This subcommittee shall be responsible for reviewing on a regular basis the performance and determinations of the auditing firm and informing the Committee on Finance and Physical Plant regarding relevant financial oversight matters.

(4) Subcommittee on Finance (of the Committee on Finance and Physical Plant).
(a) This subcommittee will be composed of three members of the Committee on Finance and Physical Plant.
(b) This subcommittee shall be responsible for reviewing on a regular basis certain of the University’s material financial matters, including the operating and capital budgets, balance sheet management and debt strategy, and informing the Committee on Finance and Physical Plant regarding relevant financial oversight matters.

abc - Indicates addition.

9. RESOLVED, That the following six non-University employees of the Penn State Investment Council are appointed for one-year terms:

• Timothy J. Crowe, Managing Director, Anchor Point Capital LLC (Coral Gables, FL)
Committee on Finance and Physical Plant
9/19/2008

• Carmen Gigliotti, Managing Director, Private Equities of DuPont Capital Management (Wilmington, DE)
• Edward R. Hintz, Jr., President, HHR Asset Management, LLC (Chatham, NJ)
• Arthur D. Miltenberger, Vice President and Chief Financial Officer (Retired), R. K. Mellon & Sons (Ligonier, PA)
• J. David Rogers, Chief Executive Officer, J.D. Capital Management (Greenwich, CT)
• Linda B. Strumpf, Vice President and Chief Investment Officer, The Ford Foundation (New York, NY)

10. RESOLVED, That the Officers of the University are authorized to submit to the Legislature, appropriate departments, and offices of the Commonwealth of Pennsylvania, a State Appropriation Request for fiscal year 2009-2010 in the amount of $377,265,000.

11. RESOLVED, That the Officers of the University are authorized to submit to the Legislature, appropriate departments, and offices of the Commonwealth of Pennsylvania, a Capital Budget Request for fiscal year 2009-2010 in the amount of $130,700,000.

12. RESOLVED, That the final plans for the Millennium Science Complex, University Park, as designed by Rafael Viñoly Architects of New York, New York, are approved.

BE IT FURTHER RESOLVED, That authorization to award contracts to construct the project be approved at a cost of $215,000,000 from funds available to the University.

13. RESOLVED, That the Board of Trustees approves the acquisition of the property containing 1.39 acres located at 1681 Cloverly Lane, Rydal, Abington Township, Montgomery County, from Carl & Edith Hanzelik for $1,044,100.

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.

14. RESOLVED, That the Board of Trustees approves the acquisition of the property containing .81 acres located at 1015-1101 West College Avenue, Centre County, Pennsylvania, from Norman E. Fischer for $625,000.

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.

The following items were presented for the information of the trustees:

1. Construction of the Golf Team Clubhouse, University Park
2. Construction of the Maintenance I (Pollock) Addition, University Park
3. Naming of Rooms, Portions of Buildings and Plazas
   B. The main hallway of the East Area locker room the "Kabala Family - PSU Rugby Hall of Fame" for a gift from Edward Kabala.
4. Status of Major Construction Programs and Borrowing
5. Summary and designation of gifts received by the University during the period July 1, 2007 through June 30, 2008.

The following reports were presented at the meeting:

6. An update was provided on the status of borrowing and the remaining debt capacity.

7. An update was provided for capital construction projects and/or renovations under consideration within the next five years.

8. An informational report on the University's Endowment and Similar Funds as of June 30, 2008 was given. (A visual presentation was made.)

9. A photo report on the progress of selected construction projects was presented: the Business Classroom Building at Penn State Worthington Scranton; the Cancer Institute at The Milton S. Hershey Medical Center; the renovation of Trickett Hall and the new Lewis Katz Hall of the Dickinson School of Law in Carlisle; and the Lewis Katz Building of the Dickinson School of Law at University Park. (A visual presentation was made.)

Counsel Courtney reported there are no pending legal matters at this time.

The meeting adjourned at 3:10 p.m.