

MINUTES OF MEETING

PRESIDENT'S REPORT

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The President's Report was given in the Boardroom of The Nittany Lion Inn, University Park, Pennsylvania, at 8:45 a.m. on November 17, 2006.

The following Trustees were present: Baldwin (chair), Broadhurst (vice chair), Alexander, Arnelle, Chaiken, Clemens, Conti, Eckel, Foulke, Garban, Hayes, Henning, Hetherington, Hintz, Jones, Joyner, Junker, Metzgar, Myers, Peechatka, Poprik, Riley, Rowell, Shaffer, Spanier, Strumpf, and Suhey; and Trustees Emeriti Brosius, W. Conti, Huck, Schreyer, Wise, and Wolff.

Present by invitation was faculty representative Floros; student representatives Chamberlin and Livingston; staff members Ammerman, Babe, Bowen, Curley, DiEugenio, Dolbin, Erickson, Jones, MacCarthy, Mahon, Pangborn, Paz, Pell, Romano, Schultz, Thomas, Triponey, Weidemann and Weiler; and Mr. Courtney of McQuaide Blasko.

President's Report

Dr. Spanier's report is included in its entirety:

"My report to you this morning is going to be brief, because we have a very special announcement that we want to make at the conclusion of my remarks. So I am just going to update you very quickly on a couple of items.

"Later today you will be hearing a report on our final fall enrollment figures. Everyone knows that we have been on a record pace this year, and I will leave the detail to Randy Dieke to provide during the Committee on Educational Policy. But I do want to note that evidence points to Penn State being the most popular university in the nation, and our popularity continues to grow.

"While it is very early in the process, we are already seeing an increase in applications for next year, over what was an all-time record for Fall 2006.

"Members of the Board should feel very good about how Penn State is being perceived by students and their families, as reflected in the extraordinary popularity of the institution. The steps that the Board has supported to improve our facilities, hire outstanding faculty and expand our educational offerings are having a profound impact in the marketplace. Families in Pennsylvania--indeed around the country--increasingly see a tremendous value in a Penn State education.

"With the largest dues paying alumni association in the nation and the largest number of alumni donors, Penn State isn't just popular with prospective students, but also with those who have matriculated here. In her remarks earlier, Cynthia referred to a letter from a parent, and it is those kinds of reports that we get every day--people who are amazed at the wonderful things that Penn State faculty and staff do to make things work for our students.

"It is often the difficult or troubling issues that find their way to the board or into public discussions in the media, and when that is the case it is easy to lose sight of the broader picture. I think it is important for everyone to keep in mind how the institution is seen in the eyes of potential students, current students and former students. And on those measures, we are having enormous success.

"Energy and global warming are two topics that are among the most important to the future. I have reported to you previously about the work that is being done in our Energy Institute to successfully turn coal into jet fuel, a technology that holds enormous promise for both the military and the economy of Pennsylvania. But I want to also draw your attention to a new effort the University has undertaken to enhance coordination and collaboration among

the many and varied green energy research projects under way and planned across the university. To achieve that, Penn State recently created the Biomass Energy Center.

"An interdisciplinary initiative that includes the Eberly College of Science, the College of Engineering and the College of Earth and Mineral Sciences, the center will be housed in the College of Agricultural Sciences' Environment and Natural Resources Institute.

"Penn State is in a unique position to address this issue, because we have both the agricultural expertise and the energy expertise. Finding alternative energy sources is clearly one of the most pressing issues for the coming century, and biomass is one of the most promising alternatives to fossil fuels because it is carbon neutral, renewable and can be produced domestically. Penn State's success in this area will be important not just for the nation, but for the agricultural economy of Pennsylvania.

"In line with our biofuels efforts, a Penn State team led by Glen Cauffman, manager of farms and facilities in the College of Agricultural Sciences, was recently honored for converting the college's farm equipment to biodiesel fuel made from soybean oil. The honor stems from an effort that began in 2002, when Penn State began an aggressive program to reduce greenhouse gas emissions and excessive reliance on imported oil. In addition to using alternative fuel, Penn State's broader effort includes the purchase of wind power, green design in buildings, and concerted efforts at energy conservation and recycling.

"These examples are part of a University emphasis in energy. The Board is going to be voting later today to rename the Penn State Institutes of the Environment the Penn State Institutes of Energy and of the Environment. The change reflects the interest, expertise and commitment of our faculty to develop a broad and comprehensive suite of alternatives for production of energy that are both sustainable and will reduce the pollution problems associated with energy production.

"One other new initiative at Penn State that I would like to mention is designed to give Pennsylvania's plastics industry a competitive advantage. In Pennsylvania, the plastics industry employs more than 60,000 people. To keep the industry competitive, Pennsylvania's Workforce Investment Board and the Commonwealth's Department of Labor and Industry are partnering with Penn State on the Pennsylvania Plastics Initiative. Funded with \$4.2 million from the U.S. Department of Labor and state government, the initiative is creating a statewide network of plastics companies, workforce and economic development organizations, and education institutions.

"As part of the effort, Penn State is offering two associate degree programs and training workshops customized to industry needs at Penn State Erie and Pennsylvania College of Technology; conducting research for the industry; and providing scholarships and internship opportunities.

"I have more good news to report from the Hershey Medical Center, which continues to distinguish itself as a premier medical facility. For the seventh straight year, Penn State's Hershey Medical Center has been selected for the Consumer Choice Award, which is judged annually by the National Research Corporation, an independent health care performance measurement company.

"The award is produced from a survey of consumers and reflects patient's views on the best overall quality and image at medical centers across the country. Hal Paz and his staff at Hershey have put a big emphasis on patient satisfaction, and this award recognizes the great success that they are having.

"The final thing that I want to mention in this portion of my Board Report is that Penn State's Women's Soccer team won its ninth consecutive Big Ten title--and swept the Big Ten Tournament Title for the fourth time. They have become the dominant program in Big Ten women's soccer.

"I now want to open the floor for any questions that you might have, and at the conclusion of your questions, we are going to have a very special announcement."

President Spanier received no questions or comments, therefore he proceeded with the special announcement.

"As I mentioned at the beginning of my report, I have a very special announcement to make this morning.

"As you know, the Schreyer Honors College is already considered one of the premier honors colleges in the nation, renowned for its student-centered teaching, its incredibly talented students, the breadth and depth of its programs, its undergraduate research opportunities, and its overall academic excellence.

"As you also know, all of these accomplishments were made possible by an incredible and visionary gift in 1997 from Joan and Bill Schreyer. At the time, their \$30 million gift was one of the largest gifts in the history of American public higher education and certainly the largest and most generous Penn State had ever received from a couple. It was also an outstanding and unbelievably bighearted gesture on the part of Bill and Joan, and it has been one of the greatest investments a donor has made in our University, allowing us to provide a distinctive educational experience for students of high ability and to enrich the opportunities available to all of our students.

"The promotion of academic excellence in all fields of study; the internationalization of the curriculum; the development of leadership skills and social and civic responsibility are all deeply rooted in the Schreyer Honors College and have a ripple effect across the University.

"But just when you thought it couldn't get any better--the Schreyers again astonish us by now providing an additional \$25 million to the Honors College.

"Bill and Joan, I'd like to ask you to please join me at the podium. Their daughter, Drue, is also with us today.

"This new pledge for honors education boosts the Schreyer family's commitment to Penn State beyond \$58 million and will allow our Honors College to enhance study abroad opportunities; to focus more intensely on leadership, ethics, integrity, and civic engagement in our curriculum; to offer more competitive financial aid packages to prospective students; and to preserve the Schreyer Honors College's standing as one of the nation's best.

"Honors education is a featured objective of our upcoming capital campaign, which will put a heavy emphasis on raising funds for both need-based and merit-based scholarships. This gift will allow us to better compete for students of exceptional ability in a marketplace that offers stiff competition from schools like Carnegie Mellon, Cornell, and Princeton. I am thrilled to say that the Schreyer Honors College has held its own against these schools, but this new funding makes us all the more attractive.

"This \$25 million gift from Joan and Bill is the first leadership gift in our upcoming campaign and we hope it will draw more attention to the important role private support plays in the life of our University.

"Bill and Joan, on behalf of the University, I want to thank you and your family for this tremendous gift.

"We are grateful for all that you do for Penn State and no words can adequately describe the deep appreciation, respect, and indebtedness we feel. You are truly an extraordinarily generous couple."

The announcement was met with a standing ovation by the members of the Board of Trustees in recognition of this wonderful news.

Bill Schreyer made a few comments on behalf of his wife and family. The Schreyers are pleased and proud of the progress and results of their investment in the Schreyers Honors College.

Chair Baldwin expressed thanks and gratitude to the Schreyers before taking a brief break for the media to speak with the Schreyers.