

MINUTES OF MEETING

C. COMMITTEE ON FINANCE AND PHYSICAL PLANT

VOLUME 234

September 7, 2007

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 7, 2007.

The following Committee members were present: Broadhurst and Spanier (ex officio), Strumpf (chair), Henning (vice chair), Chaiken, Garban, Hintz, Metzgar, Poprik, and Surma. Also present were Trustees Alexander, Baldwin, DiBerardinis, Eckel, Foulke, Hayes, Hetherington, Huber, Jones, Joyner, Junker, Myers, Peechatka, Riley, Shaffer, Suhey, Wolff, and Zahorchak; and Trustees Emeriti Brosius, Conti, Cook, Huck, Madigan, Robinson, Rowell, Wise, Wood, and Zemprelli; and Governor's Representative Daniels.

Present by invitation were faculty representatives Blasko, Blood, and Hufnagel; student representatives Casiano, Gyekis, and Lewis; staff members Ammerman, Branigan, Courtney, Curley, Dieugenio, Dolbin, Doncsecz, Erickson, Hanes, Kirsch, Mahon, Pangborn, Paz, Pell, Poole, Romano, Schultz, Stryker, Triponey, Turow, and Weidemann; presenters Branigan and Mr. Courtney of McQuaide Blasko.

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 or distributed at the meeting:

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 summarized below and the same are approved: (See Appendix I)
 - A. Lippincott Family Memorial Libraries Endowment in Memory of Carolyn Lippincott and James Lippincott
 Date Originally Established: November 7, 1989

 Source and Nature of Revisions: In memory of David R. Lippincott, the endowment name was changed to "Lippincott Family Memorial Libraries Endowment in Memory of David and Carolyn Lippincott and James Lippincott."
 - B. Tunno Family Nursing Scholarship in the World Campus
 Date Originally Established: June 22, 2006

 Source and Nature of Revisions: At the donor's request, a fourth preference for awarding was added for students from Western Pennsylvania.
 - C. Robert E. Umbaugh Study Abroad Endowment
 Date Originally Established: November 5, 1999

 Source and Nature of Revisions: At the donor's request, the principal of this endowment was reduced from \$250,000 to \$200,000.
 - D. Robert E. Umbaugh Endowed Professorship in Business
 Date Originally Established: October 27, 1999

 Source and Nature of Revisions: At the donor's request, the principal of this endowment was increased from \$500,000 to \$1,000,000.

E. Kenneth L. and Julie M. Spencer Award Fund

Date Originally Established: December 16, 2007

Source and Nature of Revisions: The endowment name was changed to the "Kenneth L. Spencer Award Fund."

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 7, 2007.

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 following five 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)
 - 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)
4. RESOLVED, That the revised Operating Budget for the University for the fiscal year beginning July 1, 2007, as shown in Schedules I - III which are made a part of this resolution is approved. (See Appendix II)
5. 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 2008-2009 in the amount of \$372,927,000.
6. 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 2008-2009 in the amount of \$142,300,000.
7. RESOLVED, That the Penn State Berks Master Plan, as prepared by the Office of Physical Plant, is approved.

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

1. Naming of Rooms, Portions of Buildings and Plazas
- A. Room 335 in the Forest Resources Building the "Schuler Faculty Office" for a gift from Richard W. Schuler. The plaque should read: "Schuler Faculty Office: A Gift from Richard W. Schuler (SFR'54) in Memory of Aunt Gladys Schuler Kan because she believed in me."

- B. Room 105 Sackett Building in memory of Jeremy Herbstritt, a Penn State alum and victim of the 2007 Virginia Tech tragedy. The plaque should read: "ASCE Jeremy Herbstritt Student Lounge, Civil and Environmental Engineering Graduate 2006."
 - C. The television studio control room at the College of Communications' Innovation Park facility the "WJAC-TV Control Room" for a grant from the James M. Cox Foundation.
 - D. Room 223A in the Outreach Building the "Gary E. Miller Conference Room" in honor of his long and distinguished career at Penn State.
 - E. Four lockers in the Lorenzo Wrestling Complex in Rec Hall and one locker in the Lasch Football Building as follows:
 - Lorenzo Wrestling Complex in Rec Hall
 - 1) "Ira Lubert Locker" for a gift from Mike Caruso.
 - 2) "John Fritz Locker" for a gift from Jamie Graff.
 - 3) "Mark Brace Locker" for a gift from Ray Brace.
 - 4) "Joe Humphreys Locker" for a gift from Joe Humphreys.
 - Lasch Football Building
 - 5) "Mike Irwin Locker" for a gift from Mike Irwin.
- 2. Status of Major Construction Programs and Borrowing
 - 3. Summary and Designation of Gifts Received by the University during the period July 1, 2006 through June 30, 2007.
 - 4. Summary of New Funds, including scholarships, fellowships, etc., accepted by the University during the period June 18, 2007 through August 10, 2007. All of these items conform to established University policies and regulations and are submitted for the information of the Committee.
 - (a) Paul and Harriet Campbell Distinguished Graduate Fellowship
 - (b) Dr. Joseph J. and Margaret Conti Trustee Scholarship
 - (c) Joseph J. and Karin F. Costello Trustee Scholarship in the College of the Liberal Arts
 - (d) Paul M. Doty Distinguished Graduate Fellowship
 - (e) Penn State York's Grumbacher Program in Ethical and Humanistic Studies
 - (f) John Meacham Hunt Graduate Student Award in Petroleum Geochemistry
 - (g) Lipson Family Scholarship in the College of Communications
 - (h) John P. Manbeck and Mary Ann Regan Endowed Scholarship for Gold
 - (i) Don and Carol Miller Graduate Fund in the College of the Liberal Arts
 - (j) Richard H. and Janice L. Pearce Renaissance Fund Scholarship
 - (k) Karl Freeman Peterson Graduate Fellowship
 - (l) Rosemary Rocco Trustee Scholarship at Penn State Hazleton
 - (m) Kristin H. Smith Program Fund in the Schreyer Honors College
 - (n) William L. Stout Family Memorial Trustee Scholarship
 - (o) Ira and Tara Weiner and Family Trustee Scholarship in the Smeal College of Business
 - 5. Summary of major commitments accepted by the University during the period May 1, 2007 through June 30, 2007.
 - (a) Four Diamonds Dance Marathon
 - (b) Air Products and Chemicals Incorporated
 - (c) Malvin and Lea Bank
 - (d) Benjamin Bronstein
 - (e) Camille and Henry Dreyfus Foundation Incorporated
 - (f) Harriet Campbell
 - (g) Forrest Crawford
 - (h) John and Ann Curley
 - (i) James and Mary Ann Dickey
 - (j) Bert Elsbach

- (k) Robert and Mary Evans
- (l) Thomas and Jane Ferrier
- (m) John and Maryann Gilmartin
- (n) Thomas and Susan Hagen
- (o) Highmark Foundation
- (p) Estate of William Hintz
- (q) Lloyd and Dorothy Huck
- (r) Jack Kent Cooke Foundation
- (s) Juvenile Diabetes Research Foundation International
- (t) Lake Erie Research Institute
- (u) Albert Lord
- (v) Ted and Tracy Winfree McCourtney
- (w) Doris McKinstry
- (x) National Cattlemen's Beef Association
- (z) Jerome Pasto
- (aa) Penn State Research Foundation
- (bb) Estate of Harold Pfreimer
- (cc) Philadelphia Health Care Trust
- (dd) Penn State Alumni Association
- (ee) Robert and Linda Schimmel
- (ff) Michael Shustek
- (gg) Charles Smith
- (hh) Struthers Family Foundation
- (ii) Estate of Betty Sundheim
- (jj) The Hershey Company Employees
- (kk) Betty Tobias
- (ll) Tombros Foundation
- (mm) Verizon Foundation

The following reports were presented at the meeting (visual presentations were made):

6. An update was provided for capital construction projects and/or renovations under consideration within the next five years.
7. An update was provided on the status of borrowing and the remaining debt capacity.
8. An informational report on the University's Endowment and Similar Funds as of June 30, 2007 was given. A revised report was distributed to the trustees at the Committee on Finance and Physical Plant meeting which replaced and superseded the report contained in the agenda. (See Appendix III)
9. A photo report on the progress of selected construction projects was presented: Abram Nesbitt III Academic Commons building, Penn State Wilkes Barre; Penn State Cancer Institute and Parking Garage, Penn State Hershey; and Student Health Center and Lewis Katz Building, Dickinson School of Law, University Park.

Counsel Courtney reported that with respect to the Stulman Case, which is the First Amendment case involving the intended exhibition of artwork, discovery continues.

In regards to the Schengrund case, which is the salary discrimination case at the College of Medicine, the University's motion for partial dismissal remains pending before the court.

In August 2007, the Centre County Commissioners filed suit against Penn State claiming that the University breached the provisions of an agreement Penn State entered into in 2005 with Centre County, the State College Borough, Patton township, Harris township, and Ferguson township. Although the University is tax exempt, the agreement provides for the University's contribution of in lieu of tax payments to the county, the borough and the three townships as well as impact fees on an annual basis. Under the terms of this agreement, as well as the previous agreements dating back to 1992, the University has made in lieu of tax payments and impact fee payments in excess of \$18 million. Only Centre County has chosen to claim that Penn State has breached the agreement; the other four parties to the agreement have not. This is a claim

that is believed to be unfounded. It is the University's position that there is no factual basis of any kind for the claim. It is the University's further position that it has at all times complied with each and every term of the 2005 agreement and it will continue to do so.

The meeting adjourned at 3:18 p.m.