

MINUTES OF MEETING

C. COMMITTEE ON FINANCE AND PHYSICAL PLANT

VOLUME 220

May 13, 2005

The meeting of the Committee on Finance and Physical Plant was held in the Boardroom of The Nittany Lion Inn, University Park, Pennsylvania, on May 13, 2005, at 11:30 a.m.

The following Committee members were present: Baldwin and Spanier (ex officio), Metzgar (chair), Strumpf (vice chair), Beahm, Broadhurst, Brosius, Hintz, Poprik, Shaffer, and Suhey. Also present were Trustees Chaiken, Clemens, J. Conti, Eckel, Garban, Hayes, Henning, Joyner, Junker, Lobaugh, Myers, Peechatka, Riley, Rowell, and D. Wolff; Trustees Emeriti Huck, Schreyer, Wise, B. Wolff, Wood and Zemprelli; and Secretary of Education's Representative Gearity.

Present by invitation were faculty representative Myers; student representative's Borawski, Foulke and Streaker; staff members Ammerman, DiEugenio, Dolbin, Erickson, Kirch, Kirsch, MacCarthy, Mahon, Pell, Schultz, Triponey, and Weidemann; and Mr. Courtney of McQuaide Blasko.

Chair Metzgar 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 or presented at the meeting:

1. RESOLVED, That the new baseball park at University Park, is named Medlar Field at Lubrano Park.

FURTHER RESOLVED, That the above naming action rescinds the March 15, 2002, resolution of the Board of Trustees.

2. 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, 2005, total budget amounts at the level of the adjusted 2004-05 budget as follows:

	<u>University Park and Other Locations</u>	<u>College of Medicine</u>	<u>Pennsylvania College of Technology</u>	<u>Dickinson School of Law</u>	<u>Total University</u>
General Funds	1,215,481,000	81,858,000	79,316,000	18,026,000	1,394,681,000
Agricultural Federal Funds	18,211,000				18,211,000
Restricted Funds	416,000,000	65,000,000	9,355,000	1,792,000	492,147,000
Auxiliary Enterprises ^a	246,598,000	2,923,000	16,072,000	400,000	265,993,000
TOTAL	\$1,896,290,000	\$149,781,000	\$104,743,000	\$20,218,000	\$2,171,032,000
The Milton S. Hershey Medical Center					641,608,000
TOTAL FUNDS					\$2,812,640,000

^aIncludes increase in room and board charges as approved by the Board of Trustees, November 19, 2004.

3. 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 II)

A. Leonard Euler Memorial Scholarship

Date Originally Established: October 21, 1998

The donor requests that (1) the Amount of Fund section be revised to indicate that \$375,000 is anticipated from the donor's future estate; (2) first preference be added for undergraduate students; and (3) the Amount of Award section be revised to reflect that to the extent feasible, the amount of each scholarship shall cover all tuition, room and board and cost of attendance of one student before awarding to a second student for that year. Formerly, the Amount of Fund section indicated that \$25,000 had been pledged by the donor; the guidelines did not include a preference for undergraduate students; and the Amount of Award section did not state that all tuition, room and board and cost of attendance of one student should be covered before awarding to a second student for that year.

B. A. Dixon and Betty F. Johnson Lectureship in Scientific Communication

Date Originally Established: April 13, 1977

The donor requests that the Amount of Fund be revised to indicate that it is her intent to contribute, from her future estate, an amount equal to the difference between \$100,000 and the book value of the principal at the time of her death. Formerly, the guidelines did not address the donor's intent to contribute this additional amount.

C. Richard B. Lippin Lectureship in Ethics in the College of Liberal Arts

Date Originally Established: January 14, 2000

The donor requests that selection of the lecturer be made by the Director of the Rock Ethics Institute. Formerly, the selection was made by the Head of the Philosophy Department, or his/her designee, in consultation with the Director of the Rock Ethics Institute.

D. Bruce R. Miller and Dean D. LaVigne Endowed Women's Volleyball

Date Originally Established: February 18, 1998

The donor requests the amount of fund be increased to \$300,000 and the name of the scholarship be changed to the "Bruce R. Miller and Dean D. LaVigne Endowed Women's Volleyball Scholarship for the Middle Hitter Position." Formerly, the principal of the fund was \$25,000.

E. Staffieri Family Scholarship

Date Originally Established: March 24, 2000

The donor requests that (1) the amount of fund be revised to show that the donor and her brother, Francis Paul Staffieri, contributed an amount in excess of \$100,000; (2) geographic restrictions be added such that candidates for the scholarship must come from communities in the area surrounding the campus (Clearfield, Jefferson, and Elk counties); (3) a requirement be added that students have a demonstrated financial need; (4) the maximum amount to be awarded per scholarship shall be \$1,000; and (5) the scholarship may be renewed for subsequent years provided the recipient maintains an academic average of 3.5 out of a possible 4.0. Formerly, the amount of fund was \$50,000; there were no geographic restrictions or financial need requirements; the maximum amount to be awarded per scholarship was \$2,000; and renewal of the scholarship was not conditioned on maintaining a 3.5 academic average.

F. Tyson Food Associates Undergraduate Scholarship

Date Originally Established: July 22, 2002

The donor requests that a second preference be added to the guidelines where, if relatives of a Tyson-New Holland employee cannot be identified then a second preference shall be given to students with a demonstrated interest in poultry science.

4. 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 May 13, 2005.

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.

5. RESOLVED, That *Bylaws* Article 4., **Committees of the Board of Trustees**, paragraph (6), be revised as follows:

(6) Ex Officio Members: The President of the Board of Trustees, or in his/her absence the Vice President of the Board, ~~and the President of the University~~ shall be an ex officio members of all standing committees, of all special committees, and of all subcommittees. **The President of the University shall be an ex officio member of all standing committees, of all special committees, and of all subcommittees except the Subcommittee on Audit of the Committee on Finance and Physical Plant.**

(a) Counted in Determining a Quorum: Ex officio members shall be counted in determining the presence of a quorum.

(b) Chairperson of Committee Ex Officio Member of Subcommittees: The chairperson of each committee shall be an ex officio member of each subcommittee of his/her committee.

FURTHER RESOLVED, That Standing Order I, Paragraph (3), of the *Standing Orders* of the Board of Trustees be revised as follows:

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

(3) Subcommittee on Audit (of the Committee on Finance and Physical Plant).

(a) This subcommittee will be composed of ~~three~~ **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.

6. RESOLVED, That authorization to award contracts to construct the Rec Hall Wrestling/Fitness Center Expansion, University Park, be approved at a cost not-to-exceed \$16,300,000 from funds available to the University.

7. RESOLVED, That the sketch/preliminary plans for the Addition and Renovation of Dobbins Hall, Penn State Erie, The Behrend College, as designed by the firm of Burt Hill Kosar Rittelmann Associates of Pittsburgh, Pennsylvania, are approved.

8. RESOLVED, That the final plans for the new Baseball Park, University Park, as designed by the firms of L. Robert Kimball and Associates of Pittsburgh, Pennsylvania, and DLR Group of Philadelphia, Pennsylvania, are approved.

BE IT FURTHER RESOLVED, That authorization to obtain bids and award contracts to construct the project be approved at a cost not-to-exceed \$23,900,000 plus ten percent from funds available to the University.

9. RESOLVED, That the final plans for an Oncology Treatment Building, The Milton S. Hershey Medical Center, as designed by Payette of Boston, Massachusetts, and Array Healthcare Facilities Solutions of King of Prussia, Pennsylvania, are approved.

BE IT FURTHER RESOLVED, That authorization to obtain bids and award contracts to construct the project be approved at a cost not-to-exceed \$10,000,000 plus ten percent from funds available to the University.

10. RESOLVED, That the Board of Trustees approves the conveyance of 7.3 acres of University land located in Jackson Township, Huntingdon County, to the Pennsylvania Department of Transportation for a sale price of \$45,100.

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.

11. RESOLVED, That the Board of Trustees approves extending the existing 22.62-acre land lease with the U.S. Government to February 2040 with three five-year renewal options at University Park Airport, Benner Township, Centre County.

BE IT FURTHER RESOLVED, That the Board of Trustees approves a land lease with the U.S. Government for 6.36 acres to expire in February 2040 with three five-year renewal options for consideration of \$1.00 at University Park Airport, Benner Township, Centre County.

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.

12. RESOLVED, That the Board of Trustees approves the agreement between The Pennsylvania State University and the Governor of the Commonwealth of Pennsylvania on terms for Commonwealth-provided matching funds for capital improvements and enhancements to The Dickinson School of Law's Carlisle campus, as set forth in President Graham Spanier's May 5, 2005 communication to Governor Ed Rendell.

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

(Chair Metzgar announced a change in the dollar amount of Action Item C.6 as printed in the meeting agenda from \$15.3 million to \$16.3 million; announced that, due to rising construction costs, the dollar amount of Action Item C.8 was being revised to permit a ten percent escalation in costs; and announced that for Action Item C.9, the project cost was \$10 million plus ten percent. The recommendation for approval of Action Item C.12 was presented to the trustees as a white sheet item at a joint meeting of the Committee on Educational Policy and the Committee on Finance and Physical Plant.)

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

1. Granted Rights-of-Way and Easements.
 - A. Granted Right-of-Way to Mont Alto Municipal Authority to maintain an existing water line, Penn State Mont Alto.
2. Naming of Rooms, Portions of Buildings, and Plazas.
 - A. Naming of the Rainbow Garden at the Alumni Gardens for a pledge from Catherine Shultz Rein in honor of the Shultz Family. The plaque should read "Rainbow Garden in recognition of the Shultz Family."
 - B. Naming of the Obelisk Garden at the Alumni Gardens for a pledge from the Parmi Nous Alumni Interest Group. The plaque should read "Obelisk Garden in recognition of Parmi Nous Alumni Interest Group."
 - C. Naming of the University House Terrace Garden at the Alumni Gardens for a pledge from Ronald and Nancy Ewing. The plaque should read "University House Terrace Garden in recognition of Ronald and Nancy Ewing."
3. Status of Department of General Services and University Major Construction Programs.
4. Summary of new funds, including scholarships, fellowships, etc., accepted by the University during the period February 18, 2005 through April 15, 2005. All items conform to established University policies and regulations.
 - (a) Martha A. Adams Endowment for the Morgan Academic Support Center for Student-Athletes
 - (b) Martha A. Adams Endowment for the Undergraduate Advising Center in the College of Health and Human Development
 - (c) Lea P. and Malvin E. Bank Early Career Professorships in the College of the Liberal Arts
 - (d) Ruth L. Baxter Memorial Renaissance Scholarship At Penn State McKeesport
 - (e) Tommy Belcher Scholarship at Penn State York
 - (f) Class of 2002 Campus Clock Fund
 - (g) Coraopolis Wolves Club Trustee Scholarship at Penn State Beaver
 - (h) William and Rosemary Daugherty Trustee Scholarship in the College of Earth and Mineral Sciences
 - (i) Edward and Winfred Delaney Trustee Scholarship in The Smeal College of Business
 - (j) Bruce and Alice Jean Edwards Trustee Scholarship in the College of Agricultural Sciences
 - (k) Penn State Cooperative Extension 4-H Therapeutic Riding Center in Franklin County
 - (l) Penn State Cooperative Extension 4-H Endowment in Franklin County
 - (m) Lawrence L. & Julia Z. Hoverter Trustee Scholarship

- (n) J. Lloyd and Dorothy Foehr Huck Trustee Scholarship in the Eberly College of Science
- (o) Men's Lacrosse Scholarship
- (p) Laurent LeSage Libraries Collection Endowment for French Continental Literature
- (q) Marilyn K. Mathieson Memorial Trustee Scholarship
- (r) Penn State Cooperative Extension 4-H Program Endowment in McKean County
- (s) Dick and Marti Ruben Scholarship
- (t) George H. Siehl III Renaissance Scholarship for Penn State Mont Alto
- (u) Kenneth J. Sonnenberg Poetry Award
- (v) Doris Stapleton Scholarship Fund
- (w) Penn State - USA TODAY Student Leadership Award

5. Summary of Major Commitments during the period January 1, 2005 through February 28, 2005.

- (a) 3Com Corp.
- (b) American Diabetes Association, Inc.
- (c) Michael Baker Corp.
- (d) Canadian Institute for Advanced Research
- (e) CA Walnut Commission
- (f) Claude Worthington Benedum Foundation
- (g) Alvin H. and Valerie Clemens
- (h) Corporation for Public Broadcasting
- (i) Electric Power Research Institute
- (j) Frank A. and Paula V. Franco
- (k) General Motors Corporation
- (l) George C. and Jane Gault Greer
- (m) Estate of John D. Hastings
- (n) Douglas P. and Ellen L. Heller
- (o) Lawrence & Julia Hoverter Charitable Foundation
- (p) J. Lloyd and Dorothy Foehr Huck
- (q) Joseph E. Ibberson
- (r) Johnson & Johnson
- (s) John A. and Willie Leone
- (t) Estate of Laurent Le Sage
- (u) Henry Luce Foundation, Inc.
- (v) March of Dimes Birth Defect Foundation
- (w) Ted H. and Tracy Winfree McCourtney
- (x) Matilda Onachilla Nitsche
- (y) Nicholas and Gelsa Pelick
- (z) Edna Bennett Pierce
- (aa) Penn State Alumni Association
- (bb) RM Associates
- (cc) George L. Settlemeyer
- (dd) Estate of William F. Shannon
- (ee) Stephen G. and Nancy L. Sheetz
- (ff) Siemens Westinghouse Power Corp.
- (gg) Donald B. & Dorothy L. Stabler Foundation
- (hh) John T. and Nancy Glenn Steimer
- (ii) Joseph and Joan Trautlein
- (jj) Frank J. and Stella J. Wawrynovic
- (kk) W. K. Kellogg Foundation

(In his remarks, Dr. Spanier advised of the Planned Giving Advisory Council, established in 2002, as a nine-member volunteer board with vast experience in the fields of estate planning, tax law, retirement fund assets, transfer of wealth between generations, and family foundations. The Council's chair, Ed Beckwith, is a 1971 Penn State alumnus and is a partner in the Washington, D.C. office of Baker and Hostetler. Six of the other nine members of the board are part of the American College of Trusts and Estate Counsel, an organization composed of the top 2,000 estate planners in the country. Penn State's Planned Giving Advisory Council is made up of three subcommittees. The Partnering with Advisers Subcommittee has developed a list of approximately 3,000 Pennsylvania financial advisers with ties to the University, and the committee will cultivate relationships with the top tier of this group. The Individual Gifts Committee works with the University's Leadership Gifts office in strategic planning for top donors. The Professional Education Committee has organized and presented a number of educational programs during the past three years, including the Family-Centered Philanthropy Symposium held during the Mount Nittany Society gathering last month. Dr. Spanier noted the importance of having this expertise available, due to an estimated \$241 billion giving record to charities in 2003, including \$32 billion to higher education. Much of these funds came from individuals in the form of bequests, trusts, annuities, and property and are expected to increase over the next two decades. Having volunteers with the necessary experience and knowledge is critical to future fund raising for Penn State as they help potential donors navigate the rules and regulations governing such gifts.)

The following report was presented at the meeting:

6. Ford Stryker, Associate Vice President for Physical Plant, provided a brief review of the existing Physical Plant at Penn State Delaware County, site of the July 15, 2005, meeting of the Board of Trustees.
7. A photo report of selected construction projects was presented:
Research and Economic Development Center at Penn State Erie, The Behrend College; and the Stuckeman Family Building for the School of Architecture and Landscape Architecture, the Forest Resources Building, and the Food Science Building, all at University Park.

Counsel Courtney provided an update on the appeal to the Commonwealth Court of Pennsylvania regarding the Right-to-Know-Act. As he reported to the Board in November 2004, the State Employees' Retirement Board issued a decision on November 16, 2004, holding that confidential salary record information of Penn State employees, once in the possession of SERS, is deemed to be public record information and, therefore, subject to disclosure under the Right-to-Know Act. The University appealed that decision to the Commonwealth Court of Pennsylvania on the basis that the employees' privacy interest in confidential salary information under both federal and state law outweighs the interest of the *Patriot News* in having such information publically disclosed. The Commonwealth Court heard oral arguments on the University's appeal on May 4, 2005, and the court's decision is pending.

Counsel Courtney advised that Penn State's agreements with the Board of Governors, the Cumberland County Redevelopment Authority, and the Governor of the Commonwealth of Pennsylvania will provide a positive outcome for The Dickinson School of Law of The Pennsylvania State University. However, the pending litigation filed by Tom Miller, Leslie Miller, and Tom Monteverde in the Cumberland County Court of Common Pleas seeks to keep these agreements from being implemented. University counsel will seek dismissal of the claims at trial, which commences on May 18, 2005, in Carlisle.

The meeting adjourned at 3:15 p.m.