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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 8:40 a.m. on May 18, 2007.

The following Trustees were present: Broadhurst (chairman), Garban (vice chairman), Alexander, Arnelle, Baldwin, Chaiken, Clemens, Conti, Eckel, Foulke, Hayes, Henning, Hetherington, Hintz, Jones, Joyner, Junker, Metzgar, Myers, Peechatka, Poprik, Riley, Shaffer, Spanier, Strumpf, Suhey, and Wolff; Trustees Emeriti Brosius, Fredman, Huck, Robinson, Wise, and Wood; and Secretary Zahorchak's Representative Fleck.

Present by invitation were faculty representative Hufnagel; student representatives Casiano, Chamberlin, and Gyekis; staff members Ammerman, Bowen, Curley, DiEugenio, Dolbin, Erickson, Jones, Kirsch, Mahon, Pangborn, Paz, Pell, Poole, Romano, Schultz, Thomas, Triponey, and Weidemann; and Mr. Courtney of McQuaide Blasko.

Chairman Broadhurst welcomed Secretary Zahorchak's representative Paula Fleck, Director of the Bureau of Postsecondary Services for the Pennsylvania Department of Education, Tom Poole, Associate to the President for Administration, Al Horvath, future Vice President for Finance and Business, and Crystal Straw, Assistant Director of the Board of Trustees Office. Chairman Broadhurst also welcomed the University Faculty Senate officers Ingrid Blood, Professor of Communication Sciences and Disorders, and Pamela Hufnagel, Assistant Professor of Education at Penn State DuBois; student representatives Bobby Casiano, President of the Council of Commonwealth Student Governments, Jay Chamberlin, Immediate Past President of the University Park Undergraduate Association, Hillary Lewis, President of the University Park Undergraduate Association, and Joe Gyekis, President of the Graduate Student Association.

President's Report

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

"As this academic year winds down there is still a flurry of ongoing activity, as you will witness today and throughout the weekend. As is typical of this time of year, graduation dominates the agenda for many in our University community.

"Beginning this afternoon, we will celebrate the accomplishments of some of our best and brightest students, with the Medals Ceremony for the Schreyer Honors College and the R.O.T.C. commissioning. That will lead us into commencement ceremonies for all of Penn State's colleges over the next several days.

"This weekend, we will graduate 10,634 students University-wide--542 with associate degrees; 8,465 with baccalaureate degrees; 1,335 with graduate degrees; 126 with medical degrees; and 166 with juris doctorate degrees.

"This will be the 355th commencement exercise in Penn State's history. Commencement is always such a meaningful time on campus, for students, parents, faculty and administrators.

"It also offers them one more opportunity to have their picture taken with the Nittany Lion Shrine and their classmates.

"Some of those who are graduating this weekend are members of our athletic teams. In fact, Penn State student-athletes, who have captured nine Big Ten Championships and two NCAA titles the past two years, consistently have been among the nation's most successful in earning their degrees. Penn State student-athletes have a graduation success

rate of 86 percent compared with a 78 percent average for all Division I-A institutions. For the third time in the past five years, Penn State has tied for the highest graduation rate among the nation's Division I-A public institutions.

"In fact, six Penn State teams have gained a Public Recognition Award from the National Collegiate Athletic Association (NCAA) for earning high scores in the latest Academic Progress Rate (APR) compilation. The six teams--baseball, women's golf, women's lacrosse, women's tennis, women's volleyball, and wrestling--all earned APR scores in the top 10 percent nationally for their respective sport during the 2005-06 academic year. The academic success of our student-athletes is a credit to their outstanding work and dedication.

"Also on the Athletics front, congratulations are due to the Penn State men's gymnastics team, which won its NCAA-record 12th national championship last month at Rec Hall, edging out Oklahoma for the crown. Penn State men's gymnastics coaches Randy Jepson, Slava Boiko, and Kevin Tan have been honored by the National Association of Collegiate Gymnastics Coaches with awards for leading the Nittany Lions to the 2007 national championship. Jepson was named the National Coach of the Year, the third of his career, while Boiko and Tan were each recognized as the Assistant Coaches of the Year.

"In addition, senior captain Matt Cohen was honored as the 2007 recipient of the Nissen-Emery Award, given in recognition of outstanding athletic achievement, academic excellence and sportsmanship. It is the highest honor presented in collegiate athletics.

"On the subject of national champions, the Penn State men's and women's fencing team claimed the national title in March after an outstanding performance by the Penn State women. This is Penn State's 10th national fencing title under Coach Emmanuil Kaidanov.

"I'm sure you were excited to hear that we have hired Coquese Washington as our new head women's basketball coach. Coach Washington comes to us from Notre Dame, where she served for eight years, most recently as associate head coach. During her tenure there, she helped lead the Irish to the 2001 NCAA Championship and amassed a 188-69 record with eight NCAA Tournament appearances, including four Sweet Sixteen runs.

"Coquese has competed and coached at the highest level of both college and professional basketball. She is 1992 graduate of Notre Dame, was a four-year starting point guard at the university and team captain. After graduating from Notre Dame with a degree in history, she earned a law degree from Notre Dame in 1997. She returned to the court as a professional in 1997-98, playing for the ABL's Portland Power, before beginning a stint with the WNBA's New York Liberty. She also played for the Indiana Fever and the Houston Comets, where she was instrumental in leading them to a WNBA title.

"She is considered the rising star in the coaching ranks and a top recruiter. We are thrilled to have Coquese taking over the leadership of the Lady Lions' basketball program.

"On a more somber note, we have all been deeply affected by the terrible tragedy at Virginia Tech last month when a gunman shot 32 students and faculty members, and then turned the gun on himself. Our hearts go out to the students, faculty, and staff of that institution and to the friends and family of those who died, including Penn State alumnus Jeremy Herbstritt, whose father, Mike, works in our Office of Physical Plant.

"Unfortunately, as you know, university campuses are not immune from unpredictable violence and we must remain prepared. While these incidents are rare on American college campuses, there has been much discussion in the media and in higher education over the past several weeks about safety, security, communications, emergency response, and overall preparedness.

"I want to reiterate that the safety of our community is one of our highest priorities and we have established a high degree of coordination with other local, state, and federal law enforcement and emergency service agencies. We have a well-trained police force that has

practiced for a wide range of emergencies and violent scenarios, and there is an Emergency Management team in place to oversee crises. At the University Park campus, we have a full-time emergency coordinator who we share with the Centre Region to assure collaboration.

"Just to refresh your memories, we do have 24-hour keycard access systems in our residence halls and in some buildings on campus. We have hundreds of security cameras in place and an elaborate e-mail communication system with nearly a half-million subscribers. You may have seen Penn State mentioned in the media in recent weeks, praised for being among the first universities to develop a text-messaging system in place since last August that can send emergency information directly to cell phones. Since the Virginia Tech tragedy, about 10,000 additional people have signed up for the service and that number is growing. Signing up for the service is currently voluntary, but we plan to make it mandatory in the fall and people can opt out if they so choose.

"Over the last several weeks we have been reassuring parents and students that in an emergency, we would use a wide range of communication tools to reach our campus community and beyond, including e-mail, text messaging, phone calls, web sites, mass media, our public television and radio stations, and key staff.

"There will be more discussions in the future in the higher education community and beyond about issues of security, safety, gun access, and privacy laws, and I will keep you abreast of those as well.

"I am immensely proud of our students, who have really supported the Virginia Tech community in a variety of ways. There was a well-attended memorial service at the Pasquerilla Spiritual Center and a candlelight vigil in front of Old Main. A number of student groups have raised funds to help the families of victims, there have been online tributes, banners, cards, and notes offering them strength and prayers, and a 5K run was held to raise money for the Jeremy Herbstritt Memorial Fund.

"Here you see [photo displayed] a heartfelt tribute at the Blue-White Game from our student section. A record crowd of 71,000 fans turned out for the game and wore orange and maroon in tribute to the victims at Virginia Tech. The Blue Band played 'Amazing Grace' following a moment of silence and junior tackle Gerald Cadogan represented the Penn State players and coaches in addressing the crowd with a message of support for Virginia Tech prior to kickoff.

"Another note of accomplishment among our students comes in the form of scholarships.

"Recently three outstanding Schreyer Honors College students were awarded the prestigious Barry M. Goldwater Scholarship, designed for students with a proven track record in scientific research. This national award provides financial assistance for the final year or years of undergraduate study for students who plan to pursue advanced degrees in mathematics, the sciences or engineering. The three students honored are: Leah Liu, a sophomore pursuing a biochemistry and molecular biology degree; John McManigle, a physics major with minors in biology and mathematics; and Vince Viscom, who is pursuing triple majors in astronomy and astrophysics, physics, and mathematics.

"Since the inception of the Goldwater scholarship, 53 Penn Staters have captured the honor. Penn State is currently second in the United States and we are moving very close to becoming number one.

"On the faculty side, more than 50 faculty members just returned from our 12th annual Road Scholars bus tour, which left the University Park campus on Monday, May 14, and traveled across the state for three days, stopping at the Penn State Hershey Medical Center, State Capitol Building, Penn State Mont Alto, The Hershey Company, an Amish farm, Penn State Berks, GoggleWorks Center for the Arts in Reading, Penn State York, and Gettysburg National Military Park.

"This annual bus trip allows new faculty to become familiar with the state and with some of our campuses and partnerships around Pennsylvania. The trip also gives new faculty the chance to meet and make connections with each other.

"Trustees Marianne Alexander, Jim Broadhurst, and Anne Riley went along as well.

"Here is a short video clip from that trip. You can find more information on line next week at our Penn State Live web site.

"Speaking of trustees who have been on the road, Sam Hayes and dean Bob Steele traveled to the University of Guanajuato (UG), Mexico, to be present at a dedication ceremony as the University inaugurated a new building. A room was dedicated to Sam Hayes and Penn State.

"The dedication is a tribute to a blossoming partnership between UG and Penn State that started at the urging of Mr. Hayes when he was Secretary of Agriculture and first traveled to Guanajuato on a Pennsylvania trade mission. Since then, we have worked with UG to help rebuild extension services through graduate training programs; create a 4-H program in the state of Guanajuato; help design a new agribusiness curriculum at UG; and develop ideas for the advancement of the dairy industry in Guanajuato. These initiatives have been funded, in part, by the U.S. government and the state of Guanajuato. Thanks, Sam for all your good work on behalf of Penn State.

"Our Milton S. Hershey Medical Center was recently recognized as one of the nation's Top 100 Hospitals by Cleverley Associates, a leading health care financial consulting firm specializing in operational benchmarking and performance strategies. It was one of only four Pennsylvania hospitals selected and the only high-intensity teaching hospital in the Commonwealth to earn this distinction. The study suggests that hospitals that demonstrate low costs, low charges, and efficient use of financial resources operate with a high degree of community value. To have our efforts validated by a third party is tremendous recognition for the hard work being done at Hershey.

"Also at Hershey last week, 60-year-old James A. Knarr of Dauphin County received one of the latest versions of an artificial heart during a six-hour operation. The device, called the CardioWest, is considered temporary until he receives a heart transplant. Hershey Medical Center was the ninth hospital in the United States to implant the CardioWest. As you know, our Medical Center is considered a pioneer in artificial hearts, having worked on the devices for decades.

"Not surprisingly, the Penn State Heart & Vascular Institute ranks as one of the top 100 cardiovascular hospitals in America, and our cardiac and vascular experts have been chosen to be among the best in the nation by *America's Top Doctors Consumer Health Guide* and *Best Doctors in America*.

"Looking ahead to the fall semester, we have signed an agreement to begin supporting a new digital entertainment service from Ruckus Network Incorporated, for all of our 24 campuses. You may recall that we first introduced a legal music service in 2004 through Napster, making Penn State the first institution of higher education in the nation to offer a legal digital music service to its student community.

"After carefully researching the offerings in the current digital music market, we found that Ruckus now offers more of what our students expect. The new service from Ruckus is designed to provide all Penn State students downloadable access to nearly 3 million songs, the ability to connect through social networks and the option to download full-length feature films, as well as short-form video, including action sports clips and music videos.

"Our students on average collectively access 2 million songs a week. Unlike our Napster arrangement, there are no costs for the Ruckus service. Money that previously was used to pay for Napster can now be put toward student multimedia services and emergency reporting services.

"I'd like to take a moment to introduce Penn State's new Director of Public Information, Lisa Powers, who will begin her duties July 1. Some of you may know Lisa, who has worked closely with me in the Office of the President since 2000 and has been with Penn State since 1991.

"In her new role, Lisa will provide oversight for Penn State's News Bureau, Science and Research Communications office, and Video Communications, among other duties. She also will serve as a spokesperson for the University on news and policy matters, and help to strategically position Penn State nationally with the media and other constituents.

"And here are two people who need absolutely no introduction. Lloyd and Dottie Huck recently announced their intention to provide a \$20 million endowment to support teaching, research and other academic activities in our Huck Institutes of the Life Sciences. The consortium was named for the Hucks in 2002, in recognition of their outstanding leadership and past philanthropic support for biotechnology, medicine and other disciplines associated with the life sciences at the University.

"As many of you know, the Hucks are members of Penn State's class of 1943, and met during orientation week as freshmen. They are longtime Penn State enthusiasts and a cherished part of the Penn State family.

"Including this latest commitment, which they have made as part of their current and estate plans, their total philanthropy to Penn State exceeds \$40 million. This new endowment will take the Huck Institutes to a new level of excellence that we could not even have imagined just a few years ago.

"We are deeply grateful for their visionary generosity. All across the University, students and faculty members are reaping the benefits of Dottie and Lloyd's gifts, which also have been a great source of inspiration and motivation for others to support Penn State. The Hucks' previous philanthropy to Penn State has included major gifts to the Eberly College of Science, the College of Health and Human Development, Penn State Milton S. Hershey Medical Center, the University Libraries and the Smeal College of Business. In addition to their financial support, we also are most appreciative of their leadership, their time and their efforts on behalf of Penn State. Lloyd has not only served on this board, and was its chair, he also led the drive in the 1980s to raise funds to build Wartik Laboratory and later served as a member of the steering committee that led the University's *Grand Destiny* campaign. Dottie has served in volunteer fundraising leadership posts on behalf of the University Libraries and the College of Health and Human Development.

"Dottie and Lloyd, on behalf of the entire University community, I again offer my most sincere thanks for your overwhelming generosity.

"Today you received two publications courtesy of Penn State University Press in honor of its 50th anniversary. As the publishing arm of the University and a division of the Penn State University Libraries and Scholarly Communications, Penn State University Press is dedicated to serving the University community, the citizens of Pennsylvania, and scholars worldwide by publishing books and journals of the highest quality. Beginning in 1956, the Press has promoted the advancement of scholarship by disseminating knowledge with an emphasis on core fields of the humanities and social sciences. Enjoy the publications.

"On a final note, I am very pleased to announce today an historic gift to the University, a commitment that will have great meaning for our students, our faculty, and all of us who admire and wish to preserve the natural beauty of Penn State and Central Pennsylvania. Charles H. 'Skip' Smith, a 1948 graduate of the College of Engineering and a State College business leader, has committed \$10 million to launch construction of the Arboretum at Penn State. Discussions and plans for an arboretum at the University date back as far as 1914, and Mr. Smith's extraordinary generosity will allow us to turn our longtime aspirations into reality, creating a destination for thousands of visitors and a year-round resource for our entire community.

"The Arboretum at Penn State will occupy nearly 400 acres of land extending west and north from Park Avenue to the Mount Nittany Expressway. It will be home to plantings of species from around the world and state-of-the-art educational and research facilities. The entire arboretum, including an education and visitor's center, a conservatory, and a children's garden, will be open to the public. Construction will begin this fall on the first stage of the multi-phase project. The initial phase will include an overlook pavilion to allow visitors to view progress, an event lawn, a rose garden, and an area for the demonstration of horticultural techniques. These areas, as well as ten other gardens and facilities, will be part of the H.O. Smith Botanic Gardens, named in honor of Mr. Smith's father.

"A native of Williamsport, Pennsylvania, H.O. Smith graduated from Penn State in 1920 and spent several years as a member of the University's architectural engineering faculty before starting his own business, the State College Construction Company. Skip Smith has chosen to honor his father's legacy as a community leader as well as H.O.'s deep appreciation of our area's natural beauty with this remarkable gift. Mr. Smith also has recognized other members of his family by naming the Kathryn B. Smith Event Lawn Path, the Joan M. Smith Demonstration Gardens Path, and the Margery E. Smith Water Feature. Mr. Smith shares the University's vision of the Arboretum at Penn State as a place where students, families, and researchers can all learn more about the natural world. His gift will not only allow us to begin this landmark project; it also will inspire other alumni and friends to support The Arboretum at Penn State. The full development of the Arboretum will depend almost entirely on private philanthropy, and this project will now become a priority in our new fundraising campaign.

"At this time, I'd like to share with you a brief video clip that highlights the marvelous legacy of Skip Smith and his father, and underscores the importance of this gift.

"This video also is available on Penn State Live for those of you who would like to view it again.

"Please join me in thanking Mr. Smith on behalf of the University for his commitment to The Arboretum at Penn State and to the people of Pennsylvania.

"I am pleased to take your questions."

President Spanier received comments concerning:

- Penn State's posture on the security issues on campus as it relates to privacy issues;
- Student loan issues nationally and Penn State's policies and practices;
- Provisions for the maintenance and upkeep of the campus gardens at the Arboretum;
- The status of discussions regarding the freshman seminar;
- Savings from the change to Ruckus from Napster;
- Numbers for enrollment in the fall and the likelihood of housing challenges;
- The yield rate of the percentage of people that accept Penn State's offer over all other offers;
- The focus of helping students with the cost of attending Penn State during the upcoming campaign; and
- Percentage of paid accepts that do not enroll and the cost of the deposit forfeited.