

Resolution of the Board of Trustees of The Pennsylvania
State University dated August 13, 2014

1. Litigation was initiated in 2013 in the Commonwealth Court of Pennsylvania, *Corman v. National Collegiate Athletic Association* (the “Litigation”), regarding the enforcement and validity of the Pennsylvania Institution of Higher Education Monetary Penalty Endowment Act (the “Act”). The Litigation seeks as a remedy that, under the terms of the Act, the University should pay to the Commonwealth a \$60 million fine imposed on the University by the NCAA in the Consent Decree entered into between the NCAA and the University in July, 2012. Since early in the Litigation, the University has urged the parties to try to reach an amicable settlement. The University has recently been added as a party to this Litigation.
2. A federal court action between the NCAA and certain Commonwealth parties also related to the Act and the \$60 million fine is pending in the United States District Court for the Middle District of Pennsylvania. The University is not a party to this litigation.
3. The NCAA and the Commonwealth parties have expressed to the University their interest in settling both the Commonwealth Court Litigation and the federal action. Although the University is not a party in the federal action, the NCAA and the Commonwealth parties have requested the University to participate in the settlement discussions.
4. The parties in the Litigation have had preliminary discussions through counsel but have not reached agreement on any terms. The University understands that in all of the possible settlement scenarios that have been discussed by counsel for the Commonwealth parties, the NCAA and the University, the University would pay the \$60 million fine to the Commonwealth under the terms of the Act as requested in the Litigation by the Commonwealth parties. As part of such a settlement, both lawsuits would be dismissed. Pursuant to the terms of the Act and any such settlement, a central term is that the monies would be spent in Pennsylvania to assist victims of child sexual abuse and prevent future child sexual abuse.
5. The University believes such a settlement would advance and support the University’s mission and be in the best interest of the University. It would also provide the Commonwealth parties the relief they are requesting in the Litigation. No amendment to the Consent Decree is necessary to achieve such a settlement. Perhaps most importantly, such a settlement would allow the fine money to be put to the purpose for which it was intended, protection of children in Pennsylvania. Such a settlement would be a win for the Commonwealth, a win for the University and a win for the children of Pennsylvania. The University urges the NCAA and the Commonwealth parties to join with it to pursue a settlement on such terms.
6. The full Board of Trustees repeatedly has been briefed on and has discussed legal issues related to the Consent Decree, the Act and the Litigation, including at the Board meetings on May 8-9, 2014. These briefings were updated in a privileged executive session with

the full Board earlier this morning. The University administration welcomes further advice and counsel from the Trustees as to the terms of a possible settlement.

7. The Commonwealth parties have requested that the Board of Trustees consider and express its position on a possible settlement. The Commonwealth parties and the NCAA have also informed the University, through their counsel, of their desire to reach a settlement, if one is possible, by the end of August, 2014. Although action by the Board is not necessary for the University to agree to a settlement of the litigation, nevertheless, to accommodate these requests, the Board has convened this special meeting and adopts this Resolution as a statement of the Board's position.
8. Specifically, the Board would support a settlement in which the University, acting through its President, pursuant to his duly authorized and delegated authority under the University's governing documents, agrees that the \$60 million fine would be paid to the Commonwealth in compliance with the Act and with the Consent Decree for distribution in Pennsylvania for the benefit of Pennsylvania children. For the past two years, the University, with appropriate vigor, has complied with the terms of the Consent Decree, and the University remains committed to full compliance with the Consent Decree as amended from time to time. Any settlement should be consistent with this commitment.