



The Pennsylvania State University Board of Trustees Public Meeting

Friday, February 17, 2023
1:00 pm

Hintz Family Alumni Center
Robb Hall or ZOOM

1. **Chair Welcome/Remarks**
2. **Call to Order**
3. **Consent Action Items**
 - a. Approval of *Minutes* from the November 11, 2022 Meeting
 - b. Revised 2023 Dates for Meetings of the Board of Trustees
 - c. Proposed 2024 Dates for Meetings of the Board of Trustees

4. **Reports from Standing Committees**

Discussion of action and/or information items by the Standing Committees for consideration by the Board of Trustees:

- a. **Committee on Academic Affairs and Student Life** – Steve Wagman, Chair
- b. **Committee on Audit and Risk** – Walt Rakowich, Chair
 - 1) Proposed Authorization to Engage External Auditors
- c. **Committee on Equity and Human Resources** – Mary Lee Schneider, Chair
- d. **Committee on Finance, Business and Capital Planning** – Rob Fenza, Chair
 - 1) Proposed Naming of the Building Located at 2137 Research Drive, State College in Cato Park to the “Lidia Manson Building”
 - 2) Proposed Authorization to Expend Funds, ICA Facility Investments, University Park
 - 3) Proposed Changes in Room and Board Charges for 2023-24 Academic Year
 - 4) Proposed Purchase of Property at 131-151 Mendels Way, Benner Township, Centre County
 - 5) Penn State Investment Council Resolutions
- e. **Governance and Long-Range Planning** – Julie Anna Potts, Chair
 - 1) Approval of Subcommittee on Compensation Operating Guidelines
- f. **Committee on Legal and Compliance** – Randy Houston, Chair
 - 1) Proposed Annual Applications, Renewals and Other Filings Required by the Pennsylvania Liquor Control Board
- g. **Committee on Outreach, Development and Community Relations** – Rick Sokolov, Chair

5. **President’s Report**

6. **Closing Remarks/Announcements**

2/17/2023 Consent Action Items

3 a. Approval of Minutes from the November 11, 2022 Meetings

3 b. Revised 2023 Dates for Meetings of the Board of Trustees

Will the Board of Trustees approve the revised meeting dates for 2023 as follows. Unless otherwise noted, all meetings will be held at University Park.

February 16-17, 2023	(Thursday-Friday)
May 4-5, 2023	(Thursday-Friday)
July 20-21, 2023	(Thursday-Friday) – Penn State Behrend
September 7-8, 2023	(Thursday-Friday)
November 16-17, 2023	(Thursday-Friday)

3 c. Proposed 2024 Dates for Meetings of the Board of Trustees

Will the Board of Trustees approve the proposed meeting dates for 2024 as follows. Unless otherwise noted, all meetings will be held at University Park.

February 15 – 16, 2024	(Thursday-Friday)
May 2-3, 2024	(Thursday-Friday)
July 18-19, 2024	(Thursday-Friday) – Penn State Altoona
September 5-6, 2024	(Thursday-Friday)
November 7-8, 2024	(Thursday-Friday)

2/17/2023 Action Items

4.b.1) Proposed Authorization to Engage External Auditors

Will the Board of Trustees adopt the following resolution:

RESOLVED, That the Officers of the University are authorized to engage the audit firm as recommended by the Committee on Audit and Risk, for the audit of the accounts of the University for the fiscal years 2023 through 2027.

4.d.1) Proposed Naming of the Building Located at 2137 Research Drive, State College in CATO Park to the “Lidia Manson Building” CATO Park

The Facilities and Academic Unit Naming Committee has recommended that the Board of Trustees name the Building Located at 2137 Research Drive, State College in CATO Park to the “Lidia Manson Building” to honor the first woman at Penn State to earn a master’s degree in Engineering.

Will the Board of Trustees adopt the following resolution:

RESOLVED, That the building located at 2137 Research Drive, State College in CATO Park be named the “Lidia Manson Building.”

4.d.2) Proposed Authorization to Expend Funds, ICA Facility Investments, University Park

The University intends to renovate the Lasch Outdoor / Holuba Hall Practice Fields with various practice and support equipment and infrastructure. The project scope includes a permanent video board and sound system at the practice fields, play clocks, goal post, and netting at the artificial turf field, and a videoboard, sound system, and filming cameras inside Holuba Hall.

Will the Board of Trustees adopt the following resolution:

WHEREAS, Article V, Section 5.09(a)(iii)(7) requires the approval of the Board of Trustees for capital projects under \$10 million that are debt financed; and

WHEREAS, the proposed Football Practice Fields / Holuba Hall Renovations at University Park is recommended by the Administration to be funded with debt.

THEREFORE, BE IT RESOLVED, That authorization to expend funds for the Football Practice Fields / Holuba Hall Renovations at University Park, as designed by HOK of Philadelphia, Pennsylvania, is approved in an amount not to exceed \$7,500,000.

4.d.3) Proposed Changes in Room and Board Charges for 2023-24 Academic Year

It will be necessary to increase room and board charges effective with the 2023 Fall Semester due to increasing operating and facility maintenance costs.

Appendix I provides details on the Housing and Food Service Budget Presentation for 2023-24, as well as the proposed rates at University Manor, Penn State Health Milton S. Hershey Medical Center.

Will the Board of Trustees adopt the following resolution:

RESOLVED, That room and board charges at all locations be increased as shown on Schedules I through IV attached hereto and which are part of this resolution.

4.d.4) Proposed Purchase of Property at 131-151 Mendels Way, Benner Township, Centre County

The University proposes to acquire 20.36 acres at 131-151 Mendels Way, Benner Township, Centre County, Pennsylvania, which includes a 25,000 square foot research greenhouse and 3,324 square foot single family residence to be used by the College of Agricultural Sciences. This will provide increased access to modern facilities for both graduate and undergraduate students in the plant sciences. It will also provide opportunities for research activities and will aid in recruitment and retention of plant scientists and graduate students to Penn State.

Will the Board of Trustees adopt the following resolutions:

RESOLVED, That the Board of Trustees approves the purchase of 20.36 acres of land, and all improvements, located at 131-151 Mendels Way, Benner Township, Centre County, Pennsylvania, from Richard A. and Andrea Grazzini in the amount of \$2,350,000.

FURTHER BE IT RESOLVED, That the Officers of the University are authorized and directed to take such steps as are necessary to make effective these resolutions.

4.d.5) Penn State Investment Council Resolutions

AMENDMENT AND RESTATEMENT OF THE UNIVERSITY'S LONG-TERM INVESTMENT POOL ("LTIP") SPENDING POLICY AND THE INVESTMENT POLICIES FOR LTIP AND NON-ENDOWED FUNDS ("NEF")

WHEREAS, The Board of Trustees on November 6, 1986, adopted a resolution regarding the University's Endowment Spending and Investment Policies for Endowment and General University Funds and subsequently approved revisions to such policies on March 18, 1995; July 12, 1996; September 8, 2000; November 22, 2002; November 19, 2004; May 18, 2007; September 11, 2009; September 17, 2010; and May 12, 2014; and November 13, 2020; and February 17, 2023.

WHEREAS, The Officers of the University have recommended amending and restating such policies as presented to the Board of Trustees at this meeting and as hereinafter set forth.

THEREFORE, BE IT RESOLVED, That the University's LTIP Spending Policy and the Investment Policies for LTIP and Non-Endowed Funds are hereby amended and restated in their entirety as follows:

(I) The Penn State Investment Council ("PSIC"), shall consist of four *ex-officio* members and eight to ten at-large members. The *ex-officio* members shall be the Senior Vice President for Finance and Business/Treasurer, as Chairperson of PSIC, the Chief Investment Officer, Office of Investment Management, the Chair of the Board of Trustees and the Chair of the Subcommittee on Finance of the Committee on Finance, Business and Capital Planning of the Board of Trustees. In addition, the Board of Trustees shall appoint eight to ten at-large members who shall not be employees of the University, three of whom shall be voting or emeritus members of the Board of Trustees. At-large members of PSIC shall serve for three-year staggered terms and shall be limited to a maximum of three (3) three-year terms. At-large members of PSIC first appointed after the date of this resolution shall serve for one-, two- or three-year terms as set forth in a separate resolution of the Board of Trustees. Thereafter, any such member may serve for a maximum of two additional three-year terms. At-large members of PSIC as of the date of this resolution may be reappointed by the Board of Trustees for a maximum of two additional three-year terms.

(II) PSIC is hereby authorized to administer the spending and LTIP investment policies hereinafter adopted by the Board of Trustees and to report as requested concerning the same to the President of the University and to the Committee on Finance, Business, and Capital Planning of the Board of Trustees. In such administration, PSIC may delegate appropriate functions to properly designated University Officers and other University personnel.

(III) In order to preserve the purchasing power of LTIP, spending over time should be limited to a percentage of the market value of LTIP, set at a level anticipated to preserve over time LTIP's real (inflation-adjusted) value after consideration of investment returns.

(IV) LTIP should be invested to attempt to achieve a real (inflation- adjusted) total return over time sufficient to support a spending rate limited in accordance with (II)

above, while providing for growth of the LTIP base sufficient to accommodate an assumed rate of inflation.

(V) A primary investment attribute to be employed in managing the LTIP shall be prudent diversification achieved through flexible yet disciplined implementation of a mix of investments and strategies. The specific construction of the portfolio with regard to strategies employed and managers utilized will be determined by, and under the overall supervision of PSIC, which shall be guided by its written Investment Policies, Objectives and Guidelines. Investment processes and results shall be carefully monitored by PSIC to ensure compliance with such policies, objectives, and guidelines.

(VI) To acknowledge and reaffirm the University's existing practices with its ongoing and future investment policies and strategies, be it resolved: the University's funds will be invested to achieve maximum return with an acceptable degree of risk. Within the context of its fiduciary responsibilities, PSIC may continue to take social and environmental considerations into account in the administration of the University's investments.

(VII) NEF should be invested to provide liquidity for working capital over the annual operating cycle of the University, and to serve the interim and longer-term needs of the University for plant renewals and replacements, debt service and capital additions. NEF will be invested in a manner that emphasizes capital preservation and meets the cash flow requirements of future University liabilities, while achieving modest growth in the principal value to accommodate future inflation. The specific construction of the NEF portfolio(s) with regard to strategies employed and managers utilized will be determined by, and under the overall supervision of, the Office of Investment Management ("OIM"), which shall be guided by written Investment Policies, Objectives and Guidelines approved by the Senior Vice President for Finance and Business/Treasurer. Investment processes and results shall be carefully monitored by OIM to ensure compliance with such policies, objectives, and guidelines.

(VIII) Long-term assets approved for commingling with LTIP by the Board of Trustees will follow LTIP policies overseen by PSIC.

Proposed Appointment of Non-University Employees to the Penn State Investment Council (PSIC)

In September 2000, Penn State's Board of Trustees established the Penn State Investment Council to provide direct oversight of the University's endowment and long-term investment program. The *ex-officio* members shall be the Senior Vice President for Finance and Business/Treasurer, as Chairperson of PSIC, the Chief Investment Officer, Office of Investment Management, the Chair of the Board of Trustees and the Chair of the Subcommittee on Finance of the Committee on Finance, Business and Capital Planning of the Board of Trustees. In addition, the Board of Trustees shall appoint eight to ten at-large members who shall not be employees of the University, three of whom shall be voting or emeritus members of the Board of Trustees. The terms are staggered as follows:

2023

J. David Rogers, Chief Executive Officer, RPO, LLC (Darien, CT)

J. Alex Hartzler, Managing Partner and Founder, WCI Partners, L.P. (Harrisburg, PA)

2024

Blake Gall, President, MicroPlusPlus Investment Management (Boalsburg, PA)

Edward R. Hintz, Jr., President, Hintz Capital Management, Inc. (Morristown, NJ)

Joseph B. Markovich, Managing Director, J.P. Morgan Private Bank (New York, NY)

2025

Colleen Ostrowski, Senior Vice President and Treasurer, Visa (Foster City, CA)

James P. Brandau, Senior Vice President, Brown Brothers Harriman & Co.
(Philadelphia, PA)

It is proposed to appoint Randall E. Black, Barbara L. Doran, and Brandon D. Short, non-University employees, to membership with terms expiring in 2023, 2024 and 2025.

Will the Board of Trustees adopt the following resolution:

RESOLVED, That Barbara L. Doran is appointed to the Penn State Investment Council for a one-year term ending December 31, 2023, Brandon D. Short is appointed to the Penn State Investment Council for a two-year term ending December 31, 2024 and Randall E. Black is appointed to the Penn State Investment Council for a three-year term ending December 31, 2025.

4.e.1) Approval of Subcommittee on Compensation Operating Guidelines

Will the Board of Trustees adopt the following resolution:

RESOLVED, That the Subcommittee on Compensation Operating Guidelines as amended and approved by the Subcommittee on Compensation and the Governance and Long-Range Planning Committee are approved.

4.f.1) Proposed Annual Applications, Renewals and Other Filings Required by the Pennsylvania Liquor Control Board

The Pennsylvania State University holds licenses and permits through the Pennsylvania Liquor Control Board (PLCB) for the following purposes, venues, and properties, as previously approved by the Board of Trustees:

- The Nittany Lion Inn – Liquor License, Off-Premises Catering Permit, Wine Bottle Sales, Liquor Permit for Sunday Sales and Amusement Permit
- Wine Auction Permits in connection with fundraising activities of WPSU, the Palmer Museum of Art, and such other academic or administrative units as may be approved by the Senior Vice President for Finance and Business/Treasurer, in consultation with the Vice President for Development and Alumni Relations
- Bryce Jordan Center – Public Venue Liquor License and Off-Premise Catering Permit
- Beaver Stadium – Public Venue Liquor License
- Recreation Hall – Public Venue Liquor License
- Pegula Ice Arena – Public Venue Liquor License
- Medlar Field at Lubrano Park – Public Venue Liquor License
- Penn State Golf Courses – Public Venue Liquor License

Each license or permit requires either an application process, a biennial application renewal process, or an annual validation process.

Will the Board of Trustees adopt the following resolutions:

WHEREAS, The Pennsylvania Liquor Code authorizes the Pennsylvania Liquor Control Board to issue various licenses and permits related to the sale and service of alcoholic beverages, subject to a well-defined set of regulations; and

WHEREAS, It is the desire of The Pennsylvania State University to sell and serve alcoholic beverages under the conditions previously approved by the Board of Trustees; and

WHEREAS, It is the desire of The Pennsylvania State University to file appropriate applications for licensures and permits either through an application processes, biennial application renewal processes, or a validation process, as applicable; and

THEREFORE BE IT RESOLVED, That Sara F. Thorndike, Senior Vice President for Finance and Business/Treasurer or any appropriate designee(s), is/are authorized to execute applications, renewal forms, and any other documents or instruments required by the Pennsylvania Liquor Control Board, and to take such other actions as may be required in connection with any such applications, renewals or validations; and

RESOLVED FURTHER, That material changes to the terms and conditions previously approved by the Board of Trustees with respect to such licenses and permits shall be submitted to the Board of Trustees for its consideration and approval.

2023/2024

**Room and Board Rate Proposal
Housing and Food Services**

- Budget Planning Factors
- Proposed Room and Board Rates
- History of Double Room and Meal Plan Rates



Budget Planning for 2023/24

Housing and Food Services is a self-supporting auxiliary enterprise. Neither state funds nor tuition are used for construction, maintenance, or operations of the housing and dining program. Housing and food revenues must cover all operating expenses, debt, interest, major maintenance, and facility renewal.

Housing and Food Services (HFS) is committed to providing quality living experiences for students in well-maintained facilities while minimizing increases to students.

This past year we have seen a return to more of the norm, compared to before the pandemic. We continue to try to recover from the losses of income and the increases in the cost of goods and utilities. We regularly update the retail rates of products, as we monitor price increases.

Over the past year, we resumed our capital plan with phase 2B of East Halls, all while concentrating on deferred maintenance in some of our oldest buildings across the Commonwealth. We also made innovations with our mobile ordering, Penn State Eats. The need-based LiveOn Grant will be entering its third year.

HFS requests a 3.56% increase for a standard double room (3.25%) and a mid-level meal plan (4%) at University Park, a 2.15% increase for a standard double room (2.25%) and a mid-level meal plan (2%) at Abington, Altoona, Beaver, Berks, Brandywine, and Harrisburg, and a 1.41% increase for a standard double room (1%) and a mid-level meal plan (2%) at Behrend, Greater Allegheny, Hazleton, Mont Alto, and Schuylkill. Proposed rates by room and apartment begin on page three.

EXPENSES

Payroll includes an increase of 2.0% for salaries and a decrease in fringe benefits from 59.3% to 36.44% (offset by an adjustment in the administrative fee).

Food Costs include an increase of 21.7% to the current year's budget due to higher occupancy and high inflationary costs. Cost containment initiatives continue and include reducing inventory turnover and food waste.

Operating Expenses include an overall increase of 10.3% to the current year budget due to higher occupancy.

Residence Life includes an increase of \$11.75 to \$405.00 total per student per semester to cover increases in operating costs, anticipated salary increases, and room and board changes for resident assistants at all campuses.

Deferred Maintenance & Capital includes \$24M for annual maintenance for roof replacement, plumbing repair, elevator maintenance, furniture, painting, equipment, technology, and security. We continue to work on our backlog of deferred maintenance from the COVID years.

Scheduled debt service will increase overall by \$5.9M to \$52.3M due to new debt coming online with the resumption of the capital plan.

Proposed Residence Hall Room Rates and Undergraduate Apartment Rates*Rate/Person/Semester*

Room Description	Number of Occupants	2022/23 Approved Rate for full semester	2023/24 Proposed Rate Increase	2023/24 Proposed Rate	Rate of Increase
Double, traditional residence hall	2	\$3,687	\$120	\$3,807	3.25%
Double with bath, traditional residence hall	2	3,889	295	4,184	7.59%
Double, renovated residence hall	2	4,160	212	4,372	5.10%
Double with bath, renovated residence hall	2			4,808	New
Small Double, traditional residence hall	2	2,763	90	2,853	3.25%
Triple, traditional residence hall	3	3,321	108	3,429	3.25%
Triple with bath, traditional residence hall	3	3,687	120	3,807	3.25%
Triple, renovated residence hall	3	3,794	123	3,917	3.25%
Quad, traditional residence hall	4	3,321	108	3,429	3.25%
Quad with bath, traditional residence hall	4	3,687	120	3,807	3.25%
Single, traditional residence hall	1	5,046	-101	4,945	-2.00%
Single with bath, traditional residence hall	1	5,150	288	5,438	5.59%
Single, renovated residence hall	1	5,222	461	5,683	8.83%
Single with bath, renovated residence hall				6,251	New
Eastview, single with bath	1	6,100	0	6,100	0.00%
Eastview, large single with bath	1	6,500	0	6,500	0.00%
RA Rate	1	2,324	76	2,400	3.25%
Suite 2-bedroom/4-person	2	4,362	142	4,504	3.25%
Standard Double Suite as Triple	3	3,687	120	3,807	3.25%
Standard Single Suite, 1/bedroom	4	5,113	166	5,279	3.25%
Suite 2-bedroom/4-person	2	4,684	152	4,836	3.25%
Suite 2-bedroom/2-person	1	6,050	197	6,247	3.25%
Single Suite at Altoona, Berks	1	5,993	135	6,128	2.25%
Single Suite at Behrend	1	5,993	60	6,053	1.00%
University Park Undergraduate Apartments					
Nittany Apt, 2-bedroom/4-person garden	4	4,477	146	4,623	3.25%
Nittany Apt, 4-bedroom/4-person garden	4	5,020	163	5,183	3.25%
Nittany Apt, 4-bedroom/4-person townhouse	4	5,217	170	5,387	3.25%
White Course Apt, 4-bedroom/4-person	4	5,250	171	5,421	3.25%

Proposed Residence Hall Room Rates and Undergraduate Apartment Rates - continued*Rate/Person/Semester*

Room Description	Number of Occupants	2022/23 Approved Rate for full semester	2023/24 Proposed Rate Increase	2023/24 Proposed Rate	Rate of Increase
Behrend Apartment					
Apartment, 2-bedroom/4-person garden	4	4,500	45	4,545	1.00%
Abington Apartment					
Apartments-Bedroom Single	4	5,512	124	5,636	2.25%
Apartments-Bedroom Double	6	4,847	109	4,956	2.25%
Harrisburg Apartment					
Apartments-single occupancy bedroom	4	5,486	123	5,609	2.25%
Apartments-double occupancy bedroom	6	4,823	109	4,932	2.25%
Apartments-triple occupancy bedroom	9	4,347	98	4,445	2.25%
Greater Allegheny, Hazleton, & Mont Alto, Schuylkill					
Double, traditional residence hall	2	3,322	33	3,355	1.00%
Standard Double Suite	2	3,933	39	3,972	1.00%
Beaver					
Double, traditional residence hall	2	3,322	75	3,397	2.25%
Altoona, Berks, Brandywine					
Double, renovated residence hall	2	4,160	94	4,254	2.25%
Standard Double Suite	2	4,362	98	4,460	2.25%
Behrend					
Double, renovated residence hall	2	4,160	42	4,202	1.00%
Standard Double Suite	2	4,362	44	4,406	1.00%
Standard Single Suite, 1/bedroom	4	5,113	51	5,164	1.00%

Supplemental assignments will be priced at a 20 percent discount from the applicable suite or room rate. Requests for single occupancy of rooms intended for double occupancy will be priced at 25 percent more than the double occupancy rate for that room type.

Approved University Park Graduate Apartment Rates
2023/24 Rates - no change from the 2022/23 rates

Room Description	2022/23 Rate	2023/24 Rate
University Park, Graduate Family Apartment		
<i>Rate/Month*</i>		
White Course 1 Bedroom	\$1,168	\$1,168
White Course 2 Bedroom	1,321	1,321
White Course 3 Bedroom	1,459	1,459
White Course 3 Bedroom w/2 Bath	1,474	1,474
University Park, Graduate Apartment		
<i>Rate/Person/Month*</i>		
White Course 4 Bedroom	\$938	\$938

**Apartment rate includes utilities*

**Proposed Board Plan
Rates/Semester**

University Park Meal Plan	2022/23 Current Rate	2023/24 Proposed Rate	2023/24 Proposed Increase	2023/24 Rate Increase	2023/24 Dining Dollars
Plan 1	\$2,385	\$2,480	\$95	4.0%	\$860
Plan 2	2,604	2,708	104	4.0%	1,088
Plan 3	2,805	2,917	112	4.0%	1,297

Commonwealth Campus Meal Plan	2022/23 Current Rate	2023/24 Proposed Rate	2023/24 Proposed Increase	2023/24 Rate Increase	2023/24 Dining Dollars
Plan 1	\$2,385	\$2,433	\$48	2.0%	\$843
Plan 2	2,604	2,656	52	2.0%	1,066
Plan 3	2,805	2,861	56	2.0%	1,271

History of Double Room and Mid-Level Meal Plan Rates 2015 through 2024

Year	Semester Rate	Semester Increase	Percent Increase
UP - 2023/24	\$6,515	\$224	3.56%
CWC1 - 2023/24	6,426	135	2.15%
CWC2 - 2023/24	6,380	89	1.41%
2022/23	6,291	212	3.50%
2021/22	6,079	203	3.45%
2020/21	5,876	200	3.52%
2019/20	5,676	146	2.64%
2018/19	5,530	135	2.50%
2017/18	5,395	165	3.15%
2016/17	5,230	155	3.05%
2015/16	5,075	190	3.89%
2014/15	4,885	200	4.27%

UP - University Park

CWC1 – Abington, Altoona, Beaver, Berks, Brandywine, Harrisburg

CWC2 – Behrend, Greater Allegheny, Hazleton, Mont Alto, Schuylkill

HERSHEY MEDICAL CENTER UNIVERSITY MANOR APARTMENTS

CURRENT vs. PROPOSED MONTHLY RENTAL RATES

<u>Type Occupancy</u>	<u>No. Units</u>	<u>Current Rates Per Apt.</u>	<u>Proposed Rates Per Apt.</u>	<u>Amount Increase</u>	<u>Rate Increase</u>
University Manor East					
1 Bedroom (with Washer/Dryer)	24	\$1,025	\$1,045	\$20	1.95%
2 Bedroom (with Washer/Dryer)	208	\$1,230	\$1,262	\$32	2.60%
3 Bedroom (with Washer/Dryer)	16	\$1,382	\$1,412	\$30	2.17%
University Manor West					
4 Bedroom (furnished) *	31	\$2,552	\$2,620	\$68	2.66%

* NOTE: Proposed monthly increase per bedroom is \$17.