A meeting of the Committee on Finance, Business & Capital Planning was held on Thursday, February 16, 2023, beginning at 1:15 p.m.

The following committee members, constituting a quorum, were present: Randall E. Black, Mark Dambly, Valerie Detwiler, Lynn Dietrich, Robert Fenza, M. Abraham Harpster, Anthony Lubrano, Mary Lee Schneider, Brandon Short and Richard Sokolov.

Ex-Officio members Matt Schuyler and Neeli Bendapudi, Trustee Emeriti member Barbara Doran, Constituent Representatives Roger Egolf, Sydney Gibbard, Kelley Lynch and Michelle Stine and the following administration members were also present: Joe Cullen, Jessica Dale, Cheryl Fabrizi, Jennifer, Feeman, Frank Guadagnino, Bernadeen Harlow, Shannon Harvey, Jody Heckman, Chris Hulburt, Vincent James, Rick Kaluza, Pat Kraft, Tamia Kramer, Thomas Oziemblowsy, Rachel Pell, Justin Schwartz, William Sitzabee, Michael Wade Smith, David Snyder, Susan Stevens, Virginia Teachey and Sara Thorndike.

The meeting was called to order by Chair Robert Fenza. Chair Fenza advised the Committee that actions and recommendations by the Committee would be reported to the full Board of Trustees for their consideration at the February 17, 2023, meeting.

The Committee unanimously approved the minutes of the November 10, 2022, meeting of the Committee.

The Committee unanimously approved the following resolution for the Proposed Naming of the Building Located at 2137 Research Drive, State College in CATO Park to the “Lidia Manson Building”:

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

The Committee unanimously approved the following resolutions for the Proposed Authorization to Expend Funds, ICA Facility Investments, University Park:

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.
The Committee approved the following resolution for the Proposed Changes in Room and Board Charges for 2023-24 Academic Year

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.

The Committee unanimously approved the following resolution for the Proposed Purchase of Property at 131-151 Mendels Way, Benner Township, Centre County:

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.

The Committee voted to amend the Penn State Investment Council material changes resolution into two resolutions. The first resolution addressed changes to PSIC membership and the addition of term limits. The second resolution acknowledged and reaffirmed the University’s existing practices with its ongoing and future investment policies and strategies. The final resolution was the proposed appointment of non-university employees to the Penn State Investment Council. The Committee approved all three 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, 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.

Chair Fenza noted that the following Informational reports were posted in Diligent:

- Q2 Financial Results
- Update on the Status of Borrowing and Remaining Debt Capacity/Capital Plan and Borrowing Report

The Committee on Finance, Business & Capital Planning meeting was adjourned at 1:46 p.m.

Respectfully submitted,

Jessica Dale
Executive Assistant to the Senior Vice President
for Finance & Business/Treasurer