

MINUTES - JOINT MEETING

Executive Committee and Business and Finance Committee

Board of Trustees

Temple University - Of The Commonwealth System of Higher Education

Thursday, March 28, 1991

4:25 P.M., Feinstone Lounge, Sullivan Hall, Park and Berks Malls

Attendance:

Executive Committee Members - Richard J. Fox*, Board Chairman, presiding; Patricia J. Clifford, Clifford Scott Green, Peter J. Liacouras*, R. Anderson Pew, Edward H. Rosen, Clare L. Wofford (* - member of both Committees),

being a quorum of the Committee;

Business & Finance Committee Members - Richard J. Fox*, D. Donald Jamieson, Peter J. Liacouras*, William W. Rieger, Francis R. Strawbridge (* - member of both Committees)

Ex-Officio Participants - Kenneth R. Cundy (Faculty Senate), William Duncan (General Alumni Association), Randall Gaboriault (Temple Student Government)

Business and Finance Committee Non-Voting Advisory Members - John Hagopian (Alumni), Carson Schneck (Faculty)

Administration and Staff - Steven R. Derby, Julia A. Ericksen, Jack E. Freeman, Robert Lux, Leon S. Malmud, Timothy O'Rourke, Arthur C. Papacostas, Robert J. Reinstein, Larry J. Remillard, William G. Sites, Valaida S. Walker, Jay Falkenstein, Marvin Gerstein, Jesse Milan, David Randall, A. Kent Rayburn, Beverly L. Breese

General Counsel - Matthew Strickler, Brian Hirai

University Counsel - George E. Moore

Executive Committee Members Absent - Louis J. Esposito, Paul A. Dandridge, Lacy H. Hunt, Irving K. Kessler, Milton L. Rock, Anthony J. Scirica, Isadore A. Shrager

Business and Finance Committee Absentees- Harry P. Begier, Jr., John J. Contoudis, Peter D. DePaul, Chaka Fattah, Lacy H. Hunt, Brian J. O'Neill, James A. Williams

Executive Committee NVA Member Absent - William Woodward (Faculty)

JOINT COMMITTEE ACTIONS

1. Approval of Minutes of Joint Meeting of January 24, 1991

Without objection, the captioned Minutes were approved as distributed.

2. Next Joint Meeting Date

The next meeting of the Joint Committees is scheduled for Thursday, April 25, 1991, at 3:00 P.M., in Sullivan Hall, Park and Berks Malls, Main Campus.

3. Major Capital Projects--Long Term Debt Financing

Recommendation: That the Business and Finance Committee and the Executive Committee, the latter acting on behalf of the Board, approve the recommendation of the Campus Planning and Plant Management Committee (3/8/91), that approval be given, in concept, to the following projects as a basis for issuance of long-term debt financing: New Student Housing Facility, Park Mall Student Housing, Johnson/Hardwick Dining Hall renovations, Main Campus Generator Project, Main Campus Chilled Water Project, with the understanding that this recommendation is the first of the following steps:

- (1) approval, in principle, by Campus Planning and Plant Management of these projects as a basis for long-term bond financing in the total amount of \$45.7 million;
- (2) approval by the Joint Business and Finance/ Executive Committees, of the long-term bond financing;
- (3) approval by Campus Planning and Plant Management Committee of design and construction for each specific project; and
- (4) approval by the Joint Business and Finance/ Executive Committee of each specific project (See SUPPLEMENT 1 to these Minutes)

Vice President Remillard explained that these projects are coming together at one time and providing the University with an opportunity to issue long-term debt. In order to pursue this opportunity, he needs to open discussion with the underwriters and is therefore seeking conceptual approval of the major projects so that he can develop a schedule and the right kind of analysis.

On motion duly made and seconded, the Business and Finance Committee and the Executive Committee, the latter acting on behalf of the Board, voted unanimously to approve the above captioned recommendation.

4. Approval of Recommendations from the Subcommittee on Investments Regarding Financial Transactions

Recommendation: That the Business and Finance Committee and the Executive Committee, the latter acting on behalf of the Board, approve the recommendation of the Subcommittee on Investments (3/27/91) that the officers be authorized to

- (1) renegotiate and extend, at a cost not to exceed .75% per annum, the \$66.7 million Letter of Credit issued by Morgan Guaranty on behalf of the University in regard to the 1984 Floating Rate Daily Demand Revenue Bonds (FRDDRBS), with the provision that it can be replaced with another bank if it becomes cheaper to do so;
- (2) negotiate for a term extending from March 15, 1992 to April 1, 1993 the reinvestment of funds in the Floating Escrow Account (\$60.1 million) and in the FRDDRBS Debt Service Reserve Fund (\$10.0 million); with the provision that the reinvestment be with a bank rated AA or higher and that the investment be fully collateralized with securities of the U.S. Government or Agencies of the U.S. Government held by a third party, either Morgan Guaranty or the trustee of the bond issue;
- (3) negotiate the investment of a new Floating Rate Escrow Account (\$60.1 million) for a term extending from April 1, 1993 to year 2010 (or an earlier if necessary) with Banque National de Paris, providing that the deposit can be withdrawn, with no penalty, if the Banque Nationale de Paris should be down-rated to a single A by either Moody's or Standard & Poor's. (See SUPPLEMENT II to these Minutes.)

Vice President Remillard explained that the above recommendation seeks authority to renew two investment continuations and to extend a letter of credit in order to keep outstanding a very favorable long-term bond issue that has saved the University in excess of \$16 million since 1984.

On motion duly made and seconded, the Business and Finance Committee and the Executive Committee, the latter acting on behalf of the Board, voted unanimously to approve the above captioned recommendation.

5. Temple--Japan Program

Recommendation: That the Business and Finance Committee and the Executive Committee, the latter acting on behalf of the Board, approve the recommendation of the officers that approval be given to changes in the Temple--Japan Agreement Memorandum of Understanding mutually agreed to by Temple Nippon Inc., Dr. Chikara Higashi and Temple University - Of The Commonwealth System of Higher Education on January 10, 1991. (See SUPPLEMENT III to these Minutes.)

On motion duly made and seconded, the Business and Finance Committee and the Executive Committee, the latter acting on behalf of the Board voted unanimously to approve the above captioned recommendation.

REPORTS FOR INFORMATION

6. Report on the Hospitals Strategic Business Plan

7. Report on Goldman Sachs Study Regarding Possible Solutions to the Financial Risk-Taking by the University with Regard to the Hospital

Chairman Fox noted that due to the sensitive nature of the reports on the above two items and the fact that no action was required on either item, the reports on each were given in Executive Session.

Under the public right to know, each item has to do with our competitive position and certain strategies protected by law which is an exception to the open meeting provision, the President added.

The meeting of the Joint Committees was adjourned at 4:35 P.M.