

MINUTES

Joint Executive Committee and Business and Finance Committee

Board of Trustees

Temple University -
Of The Commonwealth System of Higher Education

Thursday, November 18, 1993
3:00 P.M., Room 200, Sullivan Hall
Park and Berks Malls

Attendance:

Executive Committee Members - Howard Gittis, Chairman
presiding; Paul A. Dandridge, Louis J. Esposito,
Richard J. Fox, Peter J. Liacouras, R. Anderson Pew,
Daniel H. Polett, Anthony J. Scirica, Isadore A. Shrager,
James A. Williams

Business and Finance Committee Members - Theodore Z. Davis,
Eleanor S. Hofkin, Joseph W. Marshall, III,
Maureen H. McCullough, Isadore A. Shrager

Administration and Staff - Larry C. Connolly,
James W. England, Jay G. Falkenstein, Thomas R. Freitag,
Marvin Gerstein, Robert H. Lux, Leon S. Malmud,
Jesse Milan, Arthur C. Papacostas, David V. Randall,
A. Kent Rayburn, Robert J. Reinstein,
Laurent J. Remillard, William G. Sites, Bonnie Squires,
Valaida S. Walker, James S. White, Beverly L. Breese

Ex Officio Participants - Thomas A. Marino (Faculty)

University Counsel - George E. Moore

General Counsel - Peter Mattoon

Business and Finance Committee Non-Voting Advisory
Members Present - Roland Lipka (Faculty);
Jennifer Kaercher (Student)

Executive Committee Members Absent - Harry P. Begier,
Clifford Scott Green, Lacy H. Hunt, Clare L. Wofford

Business and Finance Committee Members Absent -
Peter D. DePaul, Robert C. Donatucci, Lacy H. Hunt,
Lewis F. Gould, Brian J. O'Neill, William W. Rieger,
Milton L. Rock, Edward H. Rosen, Francis R. Strawbridge,
Anthony Hardy Williams, Walter E. Williams

Ex Officio Participants Absent - Leonard Mellman (Alumni);
Bryce E. Weatherly (Student)

Executive Committee Non-Voting Advisory Member Absent -
Mark Haller (Faculty); Leonard Mellman (Alumni);
Bryce E. Weatherly (Student)

Business and Finance Committee Non-Voting Advisory Members Absent - Frank D. Cox (Alumni)

RECOMMENDATIONS FOR EXECUTIVE ACTION

1. Re-Consideration of Election of Executive Committee Chair and Vice Chair

With Mr. Fox in the Chair and on motion duly made and seconded, the Executive Committee, in keeping with the By-Laws, (Article IV, Section 1-A) voted, unanimously, to elect Howard Gittis and Anthony J. Scirica Chair and Vice Chair, respectively.

RECOMMENDATIONS FOR JOINT COMMITTEE ACTION

2. Approval of Minutes of September 23, 1993

The captioned Minutes were approved as distributed.

3. Borrowing Authority 1/1/94 - 3/31/94

On motion duly made and seconded, the Business and Finance Committee and the Executive Committee voted to recommend that the officers borrow for operating purposes of the University \$30 million on terms which the officers believe best for the University, such authorization to cover the period from January 1, 1994, to March 31, 1994.

4. Amendment of Resolution Authorizing the Securities Transactions

On motion duly made and seconded, the Business and Finance Committee and the Executive Committee, the latter acting on behalf of the Board, voted to authorize the President and Treasurer of the University to take any necessary administrative action for the purchasing, acquiring, selling, assigning, transferring and making delivery of securities, as follows:

RESOLVED, That the President or Treasurer of Temple University may take such action as is necessary to acquire, sell, assign, transfer, and make delivery of all shares of stock, bonds or other forms of securities of any kind whatsoever, whether owned or to be owned by Temple University in its own right or held or to be held by it in any fiduciary capacity, or under any form of trust; and for this purpose Powers of Attorney or such other forms of transfer and assignment as shall be required to acquire or pass a valid title to such shares of stock, bonds, or other securities, shall be executed by the President or by the Treasurer or Assistant Treasurer, under the seal of the University if required, duly attested by the Secretary or by the Assistant Secretary without a special resolution by the Board in any particular case.

5. Approval of Investment Manager Contract of Good Samaritan Insurance Company, Ltd's Assets

Mr. Remillard reported that the investments of the University and of Good Samaritan are overseen and managed by the Subcommittee on Investments, a subcommittee of this Committee, chaired by Dr. Lacy Hunt. They play a very active role in the investment of our portfolio. Dr. Hunt's firm does not receive compensation, and we believe it appropriate to compensate whomever does this work.

Bids were solicited from eight firms, seven of which responded. Dr. Hunt's firm was the lowest bidder, and we are recommending that it receive the contract. Mr. Pew added that the track record of Dr. Hunt's firm has been superlative.

Mr. Gittis pointed out that to award a contract that had not been competitively bid would violate our practice on conflicts of interest; therefore, Mr. Remillard was instructed to solicit bids. Then, the contract could be awarded to Dr. Hunt's firm only if he were the low bidder. Mr. Gittis said we have complied fully with the Board's position.

For the record, Mr. Fox stated that Dr. Hunt has been doing this investment advisory work in a very conscientious way and the results have been superlative in a no risk portfolio. He referred the Committee to the actual bids, SUPPLEMENT I to these Minutes. This action will reimburse the costs of the firm for doing what they are doing.

On motion duly made and seconded, the Business and Finance Committee and the Executive Committee, the latter acting on behalf of the Board, voted to approve the recommendation of the Subcommittee on Investments that the officers be authorized to award an investments management contract to Midland Investment Management for the fiscal years ending June 30, 1994, and June 30, 1995, for the assets held by Good Samaritan Insurance Company, Ltd.

6. Ambler Arts Festival Preliminary Letter of Intent

President Liacouras gave the history of the festival at Ambler. He said it closed in 1981 because of an ongoing deficit. In 1986 the Board agreed to an effort to try to reopen the festival as an educational enterprise. We were not successful in that effort because of the lack of interest on the part of the art people at Temple University and because of the chances involved. Also, we were not sure of what the long-term development plans for Ambler would do to this issue.

About three years ago, the President continued, we were approached by a community-based group that expressed an interest in taking over the site, redoing it, opening it, managing it. Following a year-and-a-half of discussion, we reached a point about eight months ago to either go ahead with a presentation to the Board or to drop the discussions.

The President said that Temple University does not have any long-range plans for that part of the Ambler Campus. The shell of the old festival site is in disrepair. This is an opportunity for the site to be reopened, organized and managed by a separate board of which Temple University would have not more than 1/4 of the members; and Temple University would have the use of the facility. We would then have developed part of that campus and maintained the long-term title. All of this would be contingent upon the community-based corporation's ability to raise funds for the purpose of renovating the site.

President Liacouras said that the letter being considered today sets forth the conditions, including one that prohibits the corporation from raising funds until 1995 or until given permission to do so by Temple University. Also, an alternative parking site on that campus must be created for our use.

Dr. England presented a chart showing the Ambler campus with the site of the old festival and said we would lease to the corporation most of the site on which the old festival was located. We would lease them the property and the improvements, but they would always remain ours. Dr. England said the total cost of the project is about \$14 million.

Mr. Pew asked if the festival will be publicly identified as the Temple University Music Festival and the response was that it will be the Ambler Art Festival at Temple University. President Liacouras asked that the letter of intent be revised to remove any reference to the "Temple University Arts Festival."

Mr. Gittis pointed out that a \$2 million liability policy is not very significant for the number of people who will attend these events.

Mr. Polett asked if there is anything in our planning to indicate that we would ever need the property. Mr. Gittis responded that we cannot envision the use of the area for many years.

Ms. McCullough asked if there is a time period by which we could terminate the agreement, and Dr. England responded that we have the legal right to terminate at any time until the Board approves the final agreement.

On motion duly made and seconded, the Business and Finance Committee and the Executive Committee voted to authorize the officers to enter into a letter of intent, in a form substantially similar to SUPPLEMENT II of these Minutes, with the understanding that the University shall not be legally bound in any respect regarding the reopening of the music festival at the Ambler Campus unless and until the Board of Trustees shall approve a definitive agreement containing such terms and conditions that the Board in its sole discretion deems appropriate.

7. Hewlett Packard Sonos Phased Array Imaging System

Dr. Malmud explained that this is a heart ultrasound device for pediatrics and is a replacement for the existing instrument.

On motion duly made and seconded, the Business and Finance Committee and the Executive Committee, the latter acting on behalf of the Board, voted to approve the recommendation of the Campus Planning and Plant Management Committee (11/5/93) that the officers be authorized to proceed with the purchase and acquisition of a Hewlett Packard Sonos Phased Array Imaging System at a cost not-to-exceed \$190,000, with the Funding Source being the Cardiology Operating Budget and the Financing Source being a Lease Purchase.

8. Renovation of Emergency Department Entrance

Dr. Malmud said our Emergency Room handles the biggest trauma program in the City. It is essential that we install a better security system in the Emergency Room. This renovation will improve the entrance, insure better security and allow better patient flow through the area.

On motion duly made and seconded, the Business and Finance Committee and the Executive Committee, the latter acting on behalf of the Board, voted to approve the recommendation of the Campus Planning and Plant Management Committee (11/5/93) that the officers be authorized to complete the renovations of the Emergency Department at a cost not-to-exceed \$180,000, with the Funding Source being Hospital Revenues and the Financing Source being Equity or Tax Exempt Bond Fund.

9. Design Services Contract for Recreation and Convocation Center (Apollo), DGS No. 1104-51

Mr. Fox explained that the State selected the firm and set the price.

On motion duly made and seconded, the Business and Finance Committee and the Executive Committee, the latter acting on behalf of the Board, voted to approve the recommendation of the Campus Planning and Plant Management Committee (11/5/93) that the officers be authorized to enter into a Professional Services Agreement with The Vitetta Group/TVSA for the design and construction administration of the proposed Recreation and Convocation Center (Apollo) for total fees not-to-exceed \$2,882,000, including a contingency of \$262,000, with the Funding Source being 70% Commonwealth Reimbursement and 30% Temple Capital Campaign Proceeds and the Financing Source being Commonwealth Capital Budget Funds and University Development Funds

10. Amendment to Recommendation Regarding Rock Hall Renovations

On motion duly made and seconded, the Business and Finance Committee and the Executive Committee, the latter acting on behalf of the Board, voted to approve the recommendation of the Campus Planning and Plant Management Committee (11/5/93) that the officers be authorized to increase the cost in the Recommendation Regarding Rock Hall Renovations (approved to \$4,000,000 CPPM 12/4/92/ full Board 12/8/92; amended approval to \$4,549,740 CPPM 2/5/93/ Joint Committee 2/25/93) to an amount not-to-exceed \$4,927,388, with the increase being \$377,648, with the Funding Source and Financing Source being Presser Foundation Accrued Interest.

11. Kresge Hall Elevator Rehabilitation

On motion duly made and seconded, the Business and Finance Committee and the Executive Committee, the latter acting on behalf of the Board, voted to approve the recommendation of the Campus Planning and Plant Management Committee (11/5/93) that the officers be authorized to enter into a contract with Otis Elevator Company for the rehabilitation of the elevators in Kresge Hall for a total project cost not-to-exceed \$255,750, with the Funding Source and Financing Source being the Plant Development Fund.

REPORTS FOR INFORMATION

12. Elmira Jeffries Nursing Home, Philadelphia Nursing Home

Mr. Remillard explained that in 1993 management negotiated an option of working a capital line of credit for \$600,000 and a \$250,000 line of credit for the purpose of making certain capital improvements. On October 4th, we concluded an agreement with the Home providing us with an option to acquire. We now must negotiate with the creditors of the Home to compromise their overdue accounts and pay them off.

Mr. Remillard said we do not yet have a firm agreement with any major creditors, but all appear to be receptive to the idea. Also, the Home was surveyed by the Department of Health, and they have indicated very significant progress in correcting deficiencies and have authorized an increase of patients from 112 to 120 so long as they take in only readmits.

The next step is to finalize our agreement with the creditors after which we will come back to the Board for permission to exercise our option to acquire the Home.

Mr. Lux added that \$1.7 million is the total owed to creditors before discounting. Mr. Remillard said that we are asking the creditors to accept a discount which is only effective if Temple University acquires the Home.

13. Shriners Hospital for Crippled Children

This item was discussed in Executive Session.

14. Recreation and Convocation Center,
Classroom Laboratory Building

Mr. Gittis reported that we will be deciding soon on a contract for a manager and we hope to bring that to the next meeting of the Committee.

15. Summary Status Report 1991 Bond Issue Projects

Mr. Remillard presented the captioned Report which was distributed as Agenda Reference 15.

Mr. Pew remarked the importance of this Report and asked that it be shared with the Audit Committee.

16. Summary Status Report of the Plant
Development Fund Projects

Mr. Gittis suggested that the Committee read through the captioned Report, which was distributed as Agenda Reference 16, because it shows the range of activities the Plant Development Fund is working on to improve the University. He said this Report should also be shared with the Audit Committee.

NEW BUSINESS

20. Hospitalization of Representative William Rieger

President Liacouras informed the Board of Representative Rieger's hospitalization, and Mr. Gittis wished him well on behalf of the Board.

21. Reappointment of Representative Robert C. Donatucci

President Liacouras announced the reappointment of Representative Donatucci as a Commonwealth Trustee and said the reappointment requires no action by the Board.

At this point the Joint Executive and Business and Finance Committees went into Executive Session and discussed Agenda Items 13, 17, 18 and 19.