

Business and Finance Committee and Executive Committee

THE BOARD OF TRUSTEES

Temple University – Of The Commonwealth System of Higher Education

Thursday, February 28, 2002, at 3:00 p.m.

Room 200, Sullivan Hall

Liacouras Walk and Berks Mall

MINUTES

Executive Session – The Trustees met in executive session regarding personnel matters.

PARTICIPANTS

Trustees: David Adamany (in person), Joan H. Ballots (in person), Leonard Barrack, Michael L. Browne, Nelson Diaz (in person), Louis J. Esposito, Richard J. Fox, Howard Gittis, Lewis F. Gould, Jr., Clifford Scott Green, Lacy H. Hunt, Edward Kassab, Joseph W. Marshall, III (in person), Edward H. Rosen, Anthony J. Scirica (in person), Isadore A. Shrager (in person), Jerry L. Volpe, James S. White (in person)
[Trustees by phone except as noted]

University Counsel: George E. Moore

Administration and Staff: James C. Bausman, Jr., William T. Bergman, Robert P. Buchholz, Janet Carruth, Richard A. Chant, Martin S. Dorph, Richard M. Englert, Linda T. Frazer, Susan Karakantas, Robert H. Lux, Thomas F. Maxey, Vicki McGarvey, Timothy C. O'Rourke, Arthur C. Papacostas, Catherine M. Paster, Robert J. Reinstein, Gregory S. Rost, Richard Rumer, Ira M. Schwartz, Stuart P. Sullivan, Valaida S. Walker

Trustees Unable to Participate: Frank Baldino, Jr., Michael L. Browne, Theodore Z. Davis, Lewis Katz, Mitchell G. Leibovitz, Patrick J. O'Connor, Daniel H. Polett, Milton L. Rock, James H. Shacklett, III, Michael J. Stack, III

Non-Voting Advisory Members: Donald Walters

Public Session

Approval of Minutes of January 24, 2002

Upon motion duly made and seconded, the minutes of January 24, 2002, were approved as distributed to members.

**Business and Finance Committee and Executive Committee
MINUTES, Public Session, February 28, 2002**

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RECOMMENDATION FOR ACTION BY BUSINESS AND FINANCE COMMITTEE

1. Appointment of Investment Managers

Mr. Dorph summarized the background information on this item to the Committee. After discussion and on motion duly made and seconded, the Business and Finance Committee approved the recommendation of the Subcommittee on Investments (2/19/02) and authorized the appointment of the following investment managers:

For the Endowment Pool:

- Southeastern Asset Management (40% of the Endowment Pool's equity allocation as a value manager);
- Seneca Capital Management (20% of the Endowment Pool's equity allocation as a growth manager).

For the Pension and Post-Retirement Medical Benefits Account:

- Southeastern Asset Management (40% of the Pension and Post-Retirement Medical Benefits Account's equity allocation);
- Seneca Capital Management (20% of the Pension and Post-Retirement Medical Benefits Account's equity allocation).

RECOMMENDATIONS FOR ACTION BY BUSINESS AND FINANCE COMMITTEE AND EXECUTIVE COMMITTEE

2. Renovation of BSL-2 Lab Space and Construction of BSL-3 Facility on the 4th Floor of Bio-Life Building

Dr. Englert provided the background information on this item to the Committee, noting that the College of Science & Technology was awarded a highly competitive grant from the National Institutes of Health which requires a University match of funds. With the completion of these newly constructed high containment research labs, Temple will be more competitive at the national research level for obtaining external funding.

After discussion and on motion duly made and seconded, the Business and Finance Committee and the Executive Committee, the latter acting on behalf of the Board of Trustees, approved the recommendation of the Campus Planning and Plant Management Committee (2/22/02), and authorized the officers to provide for the design, renovation and construction of 9,500 square feet in the College of Science and Technology, to include a BSL-3 facility and renovation of labs to BSL-2 standards, including installation of permanent equipment, furnishings, and support space at a cost not to exceed \$4,000,000. The funding and financing sources are a National Institute of Health Grant (#36-1311-101) of \$2 million and a required University match of \$2 million to be drawn from the Plant Development Fund.

FINAL

Mr. Fox suggested, and President Adamany agreed, that as part of future agendas, accounting of Plant Development Fund expenditures would be included as informational material.

3. Renovations to Klein Hall, 2nd, 4th, 5th, 6th, 7th and 8th Floors

Dr. Englert provided the background information on this item to the Committee. With the opening of Barrack Hall, a number of areas have been vacated in Klein Hall which requires renovation for use as classrooms, lounges, offices, etc.

On motion duly made and seconded, the Business and Finance Committee and the Executive Committee, the latter acting on behalf of the Board of Trustees, approved the recommendation of the Campus Planning and Plant Management Committee (2/22/02), and authorized the officers to make the stated renovations to Klein Hall, at a cost not to exceed \$1,212,017.39. The funding and financing sources are the following Law School Development Funds: Rubin Gift Fund (#51-1401-743), Rubin Endowment (#53-1401-714), Centennial Fund (#81-1401-003), Elderly Law Project (#81-1401-004).

4. Main Campus Steam Plant Rehabilitation – Phase 3

Upon motion duly made and seconded, the Business and Finance Committee and the Executive Committee, the latter acting on behalf of the Board of Trustees, approved the recommendation of the Campus Planning and Plant Management Committee (2/22/02), and authorized the officers to replace, upgrade and add to the condensate and makeup water systems in the Main Campus central steam plant as required to support existing boiler operations at a cost not to exceed \$642,000. The funding and financing source is Plant Development Funds.

5. Allocation of Computer and Technology Funds

Upon motion duly made and seconded, the Business and Finance Committee and the Executive Committee, the latter acting on behalf of the Board of Trustees, approved the recommendation of the Campus Planning and Plant Management Committee (2/22/02), and authorized the officers to spend technology funds benefiting students and academic units at a cost not to exceed \$2,500,000. The funding and financing source is Technology Funds (#10-7792-010).

6. Additional Expenditures for Center for Social Policy at 1415 N. Broad Street

Dr. Englert provided the background information on this item to the Committee, noting that this is a State-funded project, and the State requires that the facility be available on evenings and weekends.

Upon motion duly made and seconded, the Business and Finance Committee and the Executive Committee, the latter acting on behalf of the Board of Trustees, approved the recommendation of the Campus Planning and Plant Management Committee (2/22/02), and authorized the officers to add expenditures beyond the prior amount approved by the Board at a cost not to exceed \$6,300, bringing the total lease payments to \$173,075. The funding and financing source being Grant Fund #42-1697-452.

7. Analytical Equipment Upgrade for the Drug Research Unit

Upon motion duly made and seconded, the Business and Finance Committee and the Executive Committee, the latter acting on behalf of the Board of Trustees, approved the recommendation of the Campus Planning and Plant Management Committee (2/22/02), and authorized the officers to purchase state of the art analytical equipment that will enhance the School's ability to solicit and secure grants and contracts relating to the dosage, form, development, stability and pharmacokinetics at a cost not to exceed \$400,000. The funding and financing source is Plant Development Funds.

8. Housing Rates Proposal for 2002-2003

Dr. Walker provided the background information on this item to the Committee, noting that the increase being recommended is partly due to, among other reasons, inflationary factors, an increase in utility rates, and other operational costs. The housing rates are competitive with peer institutions. Even with the additional spaces available, a shortfall of housing is expected for the upcoming fall semester.

Upon motion duly made and seconded, the Business and Finance Committee and the Executive Committee, the latter acting on behalf of the Board of Trustees, approved the recommendation of the Student Affairs Committee (2/19/02), and authorized a 4.5 percent increase in the traditional residence hall rates, and reconfigured rates for suites and apartments, for 2002-2003, as set forth substantially in Agenda Reference 8.

9. Ambulatory Expansion Building

Mr. Marshall provided the background information on this item to the Committee, noting that the project consists of the construction of a four-story building, two above and two below ground, at the corner of Germantown Avenue and Tioga Street, adjacent to Temple University Hospital. The building will house the entire Radiation Oncology Department, two new CT scanners, and an expanded adult and pediatric emergency room. The building will be constructed to accommodate additional floors if needed in the future.

A \$40 million maximum on Bonds/debt will be issued. A Commonwealth grant of \$5.0 million for Radiation Oncology equipment is expected, as well as \$5.5 million from the Temple University Hospital special fund.

Mr. Fox noted that there is a greater cost involved when a building is constructed to add floors in the future. These costs should be reviewed and determined if they are necessary, as the operational disruption from adding floors might make such an option unrealistic.

Upon motion duly made and seconded, the Business and Finance Committee and the Executive Committee, the latter acting on behalf of the Board of Trustees, approved the recommendation of the Temple University Health System, Inc., Board of Directors (2/12/02), and adopted the Resolution attached hereto in Agenda Reference 9, and authorized the development and construction of an Ambulatory Expansion Building by Temple University Hospital, Inc., for a maximum cost of \$46 million; authorizing the chief financial officer of Temple University Hospital, Inc., to consider, investigate and recommend financing options for the Ambulatory Expansion Building project for a maximum amount of obligations of \$38 million, as set forth substantially in Agenda Reference 9.

10. Ratification of Amendment to Retirement Plan for Employees of Temple University

Mr. Dorph stated that this amendment will help effectuate changes pursuant to collective bargaining agreements. Upon motion duly made and seconded, the Business and Finance Committee and the Executive Committee, the latter acting on behalf of the Board of Trustees, ratified and confirmed Amendment No. 2 to the Retirement Plan for Employees of Temple University as set forth in the Resolutions attached as Agenda Reference 10.

11. Adoption of Section 457(b) Deferred Compensation Plan

Mr. Dorph provided the background information on this item to the Committee, explaining that with the EGTRA changes, an increased amount of deferred compensation can be set aside with taxes being deferred on this. Under this plan, a maximum additional contribution of \$11,000 can be made at a 2:1 ratio by the employee and University, respectively.

Upon motion duly made and seconded, the Business and Finance Committee and the Executive Committee, the latter acting on behalf of the Board of Trustees, adopted the Resolutions attached hereto in Agenda Reference 11, and authorized the officers to take any and all appropriate actions to adopt a Section 457(b) Deferred Compensation Plan for the benefit of officers, deans and others, substantially as set forth in the synopsis also attached hereto in Agenda Reference 11.

FINAL

REPORT FOR INFORMATION

12. Annual Report on the Delegated Billing Compliance Program Activities

Mr. John W. Wiggins, Corporate Compliance Officer for Temple University Health System, Inc., summarized the 2001 Annual Report of the Delegated Billing Compliance Activities as attached in Agenda Reference 12.

Old/New Business

Trustee Scirica reported on the recent visit of President Bush to China, and specifically to Tsinghua University where the Law Program is housed in Beijing. Up until 24 hours prior to the speech, Temple was still listed in the President's remarks. In addition, Professor Mo Zhang, Temple's Director of Graduate Programs in China, was one of 48 invitees to attend a state dinner with President Bush. Provost Schwartz commented on the potential for other schools/colleges to establish programs in China. The members congratulated Dean Reinstein and his staff.

Adjournment