

Budget & Finance Committee and Executive Committee

THE BOARD OF TRUSTEES

Temple University – Of The Commonwealth System of Higher Education

Thursday, September 21, 2006, at 3:00 p.m.

**Sullivan Hall, Room 200
Liacouras Walk and Berks Mall**

MINUTES

Secretary's Note: The Trustees met first in Executive Session to discuss real estate matters.

PUBLIC SESSION

PARTICIPANTS

Trustees: Joan H. Ballots, Leonard Barrack, Nelson A. Diaz, Ronald R. Donatucci (in person), Richard J. Fox (in person), Ann W. Hart (in person), Lewis F. Gould, Jr. (in person), Lacy H. Hunt, Solomon C. Luo (in person), Joseph W. Marshall, III (in person), Christopher W. McNichol, Patrick J. O'Connor (in person), Daniel H. Polett (in person), Milton L. Rock, Robert A. Rovner (in person), Michael J. Stack, III, James S. White [All Trustees by phone except as noted]

University Counsel: George E. Moore

Staff and Administration: Clarence D. Armbrister, William T. Bergman, Robert P. Buchholz, John M. Daly, Martin S. Dorph, Richard M. Englert, Timothy C. O'Rourke, Catherine M. Paster, Robert J. Reinstein, Gregory S. Rost

Trustee Gould, Chairman of the Budget & Finance Committee, called the meeting to order.

RECOMMENDATIONS FOR ACTION:

1. Research Affiliation and Lease Agreement between Temple University and Shriners Hospital for Children and Increased Scope for New Medical School Facility

Upon motion duly made and seconded, the Budget & Finance Committee and the Executive Committee, the latter acting on behalf of the Board of Trustees, approved the recommendation of the Facilities Committee (9/14/06), that the officers be authorized to enter into a 15-year lease for the sixth floor of the new Medical School building, which contains approximately 23,000 square feet of space, with Shriners Hospital for Children, substantially on the terms set forth in Agenda Reference 1, and to take any other actions and enter into any other agreements that are necessary or appropriate to effectuate the foregoing.

2. **Design and Construction of an Addition to the Fox School of Business & Management (Alter Hall)**

Upon motion duly made and seconded, the Budget & Finance Committee and the Executive Committee, the latter acting on behalf of the Board of Trustees, approved the recommendation of the Facilities Committee (9/14/06), that the officers be authorized to spend an amount not-to-exceed \$79,042,377 to construct the new Fox School of Business & Management building (Alter Hall) and to renovate portions of Speakman Hall. The Fox School will be required to raise \$4 million in addition to funds already committed and identified to fully fund the project at this level. This action supersedes any prior Board authorizations for the design and construction of this facility, and all prior actions or parts thereof inconsistent herewith are hereby repealed. The funding and financing sources are State Capital Funds, University Bond Proceeds, University Unused Debt Service Carryover Funds, Fundraising by the Fox School of Business and Management, and 2006 Bonds' Construction Fund.

3. **Bank Account Withdrawal Resolution**

Upon motion duly made and seconded, the Budget & Finance Committee and the Executive Committee, the latter acting on behalf of the Board of Trustees, adopted the Bank Account Withdrawal Resolution as set forth as Agenda Reference 3, substituting Ann Weaver Hart for David W. Adamany and Clarence D. Armbrister for William Orr.

4. **Establishment of a Not-For-Profit Japanese Company**

Mr. Reinstein provided the background information as set forth in Agenda Reference 4. Since the recognition of Temple University Japan (TUJ) by the Ministry of Education, enrollment has increased, and TUJ has begun to run a surplus. With the improvement in TUJ's financial outlook, TUJ will be assessed consumption and corporate taxes. The establishment of a not-for-profit company to replace TESS, a for-profit corporation, will minimize tax payments. In Japan, negotiations are underway to establish a not-for-profit educational corporation, which may take a few years to complete. To establish a not-for-profit company, Japan requires that a new company have equity of approximately one-quarter of the operating revenue, and be debt free.

TESS has a debt in the form of a loan from PNC Bank. Under the new arrangement, TU will assume the loan on the books, but it will not have an effect on the balance sheet. Mr. Dorph explained that under the new corporation, the new TUJ books will not show debt, but the debt will be shown on the TU books. TU will repay the loan, and the debt will come back to TU through the TUJ Management Fee that is paid to TU.

Upon motion duly made and seconded, the Budget & Finance Committee and the Executive Committee, the latter acting on behalf of the Board of Trustees, authorized the University's officers to proceed with the establishment of a not-for-profit Japanese company to assume the responsibilities for the Temple University Japan program that currently are delegated to Temple Educational Support Services, Ltd. ("TESS"), a Japanese for-profit company, with the following understandings: (a) the University will be required to invest approximately \$4.5 million in the new entity (estimated one-quarter of annual operating expenses), (b) the University will assume TESS's outstanding debt, (c) TESS's assets will be donated to the new entity and TESS will be dissolved; and (d) the new entity will enter into a management agreement with the University substantially similar to the agreement between the University and TESS; and that the University's officers, upon the approval of University Counsel, take such action and enter into such agreements as may be necessary to effectuate the foregoing.

**OLD/NEW BUSINESS
ADJOURNMENT**