

MINUTES

The Board of Trustees

Temple University - Of The Commonwealth System of Higher Education

Tuesday, May 14, 1991

3:00 P.M., Feinstone Lounge, Sullivan Hall
Park and Berks Malls

Attendance:

Voting Members - Richard J. Fox, Chairman of the Board, presiding; Harry P. Begier, Jr., Francis J. Catania, Nicholas A. Cipriani, Patricia J. Clifford, John J. Contoudis, Paul A. Dandridge, Peter D. DePaul, Louis J. Esposito, Lewis F. Gould, Jr., Eleanor S. Hofkin, Irving K. Kessler, Mitchell G. Leibovitz, Peter J. Liacouras, R. Anderson Pew, Milton L. Rock, Edward H. Rosen, Anthony J. Scirica, Isadore A. Shrager, Francis R. Strawbridge, Clare L. Wofford

being a quorum of the Board of Trustees;

Ex-Officio Member - Charles R. Fuget, Commissioner of Higher Education (Representing Secretary of Education Donald M. Carroll, Jr.)

Ex-Officio Participants - William H. Duncan (Alumni); Kenneth R. Cundy (Faculty); Darren S. Raiguel (Student)

Invited Guests - Faculty - Glenn Benge, John Fiorino, Joseph Loewenberg, Martin Millison
Students - James F. Cawley, David A. Silverstein, David R. Smedley, Justin C. Watts

Administration and Staff - Jack E. Freeman, Steven R. Derby, Leon S. Malmud, Julia A. Ericksen, Arthur C. Papacostas, Valaida S. Walker, Lawrence C. Connolly, Jr., Paul H. Boehringer, A. Kent Rayburn, William G. Sites, Marvin Gerstein, Robert Lux, Jesse Milan, Stephen Zelnick, Beverly L. Breese, William C. Seyler

General Counsel - Peter Mattoon, Matthew Strickler

University Counsel - George E. Moore

Voting Members Absent - Bill Cosby, Theodore Z. Davis, Robert C. Donatucci, Chaka Fattah, Howard Gittis, William H. Gray, III, Clifford Scott Green, Lacy H. Hunt, D. Donald Jamieson, Henry H. Nichols, Brian J. O'Neill, William W. Rieger, James A. Williams

Mrs. Clifford opened the Board meeting by prayer and by the reading of a poem.

Judge Scirica, who presided temporarily until Mr. Fox arrived, welcomed and introduced the invited guests from the faculty and the student body. He also welcomed Commissioner of Higher Education Charles R. Fuget, who represented Secretary of Education Donald M. Carroll, Jr.

ACTIONS OF THE BOARD OF TRUSTEES

1. Approval of Minutes - Regular Meeting of March 12, 1991

On motion duly made and seconded, the Board of Trustees voted to approve the Minutes of the Regular Meeting of March 12, 1991.

2. President's Report

President Liacouras said that as we move toward the end of the academic year, overall the University is back on course a little bit sooner than he had anticipated. The students are having a good semester and the faculty are producing in the historic tradition of Temple University. Our research efforts are still very good. We have lost some of the key personnel in the Molecular Biology field. Through Dr. Malmud's and Dean Myers' efforts and the efforts of the medical staff, we are recovering, and we will have a much stronger Basic Sciences department when these matters fully shake out.

Through the leadership of Tom Anderson, Kent Rayburn and Marvin Gerstein the University has worked out an agreement with the community which will enable us to move ahead with a 580-bed facility for students on the former Armory site.

Referring to Hospital finances, the President reported that we are very close to a settlement with the State regarding reimbursement for Medical Assistance patients, and this should take the short-term pressures off of the University and the Hospital. This is a tribute to the outstanding efforts of the Board of Governors under the leadership of Dr. Milton Rock, and the efforts of Dr. Malmud, Mr. Boehringer, Mr. Lux, and our Counsel. As part of our lawsuit against the State in the federal district court, there was a \$9 million settlement, with \$7 million on a continuing basis. With the new settlement, we will double that continuing increase and should balance our hospital budget this year. It is not a long-term solution, but it is a two to three year solution for that part of the Hospital finances.

With regard to "no pays," this continues to be an issue for the Hospital. These are people who are ineligible for Medicaid and have no other insurance. The amount that the University is providing in this "no pay" area is about \$8 million annually. Our suit against the city for recovery of these funds continues.

In terms of the University's overall finances, we will have a balanced budget, as we have had for each of the past nine years. We will use some of the Quasi-Endowment as planned.

As to 1991-92, we do not yet have a report from the University Budget Review Committee, which is chaired by Executive Vice President Jack Freeman and is composed of University Officers and two faculty

members elected by the Faculty Senate. They have been holding hearings with every budget unit. The President said that the Budget Review Committee has been working under these assumptions: (1) no increase from the State, which is really a 5% decrease; (2) a Tuition increase ranging from 6% to 10%; (3) an increase in Designated Giving to the colleges--monies that will give the Deans more funding from sources other than Tuition and State Appropriations; (4) in terms of enrollment, the Budget is projected to be based on a student enrollment of approximately 8% below the Fall 1989 enrollment (note this is two years ago, the year before the strike).

President Liacouras noted that when we made the enrollment projection, we were in the midst of the period after the strike had ended but no settlement was achieved. There were still false starts on settlements, creating uncertainties. Undergraduate applications were then off about 50%; in the President's last report to the Board they were off about 26%; today, they are off 14.9%. Graduate applications are up 3%, and Professional School applications are up 11%. Overall, applications for this fall are down only 1.2%. The acceptances are a little bit higher than the applications. We have a disproportionately large number of applicants who haven't yet received a decision. So, we have some flexibility in terms of the size of the entering class.

The President said that we will have a Special Meeting of the Board of Trustees if the State Appropriation is ready by June 25. He is optimistic that we will do better than the decline of 8% in our enrollment. One could say that because of the demographics in this region, we would be right on target with an 8% decline--but he thinks we can do better, particularly because of the efforts of Dr. Walker, the Admissions Office, and the Office of the Provost. That whole process initiated in November after the strike will be reinstated very shortly. There are positive signs on enrollments and the President believes that some of this is due partly to the success of the Men's Basketball program and the television coverage of the team; some is due to the "Temple Challenge" team of student leaders, and the Bill Cosby ads. All of these activities have stimulated the correct image of Temple University. All of this is occurring several months earlier than the timetable we had anticipated after the end of the strike.

President Liacouras said that on the expenditures side, if we do not have an appropriation increase from the State in the range of 5% to 6%, we will have to find the necessary resources or reduce expenditures to avoid a massive Tuition increase. No one would favor such a Tuition increase. When a double digit increase in Tuition is reached, we would have gone too far.

The President noted that in 1990-91 we have already had \$18 million worth of cuts. There are about 100 fewer people working on the administrative side. This is increasing productivity, but it is dangerous to maintain vacancies in some of these areas. As one of our Trustees, Mr. Pew, has emphasized, in the area of financial affairs and plant management of the University, any shortfall in key personnel will only create greater problems in the future. We have indeed increased productivity through attrition, and we have also reduced purchases and outlays for travel.

As to the following year (1991-92): increased productivity could come from these areas:

(1) In terms of faculty teaching productivity--we have an actual average undergraduate teaching load of 7.2 hours per week, with a collective bargaining contract that calls for 12 hours per week. An additional one course taught for one of the two semesters would result in an increased productivity of between \$3 million and \$8 million a year. That would increase the average undergraduate teaching load to 8.7 hours per week. That is something we will explore, with full consultation.

(2) We might re-open the 14 contract negotiations with respect to the increase next year in compensation--assuming that the non-union people (officers, deans, etc.) receive no increase. That is not an average recommendation. If we grant an increase to all of the people involved, we would have \$11.5 million of increased compensation to fund. If the money isn't there, there are different ways of dealing with the situation, such as deferring compensation increases, but these are radical.

(3) We might have major lay-offs. This sounds like the simplest way; but if you look at Temple University not as a "machine," but as a family where the housekeeping staff, the transportation staff, the registration staff--who are the people that make the University go, who have depended on Temple University for the education of their children--then massive lay-offs are not so simple. Tuition Remission is very important to these people. When you look at the tradition of "family" at Temple University, it isn't as clear that we should have lay-offs. We have had attrition but no lay-offs.

(4) We might eliminate whole programs. For us to do that without very careful planning and public discussion would be to turn our back on everything we have been trying to do. There would be very little effect for the coming year but there might be for the following year of 1992-93. As you can see, we don't have much leeway that won't lead to heartache. The strike situation hurt faculty and students, but it isn't permanent. If we terminate long-time people who are depending on Temple University, or postpone productivity, we will hurt Temple.

The President urged everyone to work as hard as we can to get an increase in our appropriation. There would have to be a major increase in the income tax to fund it. We do not vote on this, but we can make our case. If it is a good case showing that Temple University makes a difference in this region, that people come here from all kinds of backgrounds, our programs are excellent, that our staff is very diverse, that Temple means a lot to the economy of the region--then we have done our best to get our message across. If we do not make this case, it would mean that we do not believe Temple's mission is currently being correctly implemented.

The President emphasized that we have a very efficient hospital. We have an effective system of education at Temple. We work in an environment where the cost of living is relatively high. We have a large minority population. We have a large percentage of lower middle class to poor students. We have a dedicated faculty. Either we will be successful or unsuccessful in getting a major increase in our

appropriation. He realizes there is limited money out there, but the University is very important to the State because we educate students from all kinds of backgrounds, and we stimulate economic development.

We want to avoid, but we may be facing decisions such as massive lay-offs or a big tuition increase. We are working hard to try to get a major enrollment increase.

On today's agenda is a recommended Preliminary Tentative Budget. At this time, we have no good enough fix as to what our appropriation will turn out to be. The recommendation is to authorize expenditures at 97% of the levels allocated in the 1990-91 Final Budget.

President Liacouras called attention to the University's May 23 Commencement, noting that he would like to know how many Trustees are planning to attend. He said that he was very happy to see Mr. Kessler here today, because Mr. Kessler has recently been hospitalized and all of his friends are very pleased to have him back attending Board functions.

The President said that we have planned the Commencement as a Salute to Temple University as a family. There will be two Student Speakers--one of whom is a traditional college student and one of whom is a traditional Temple student. He has asked Acting Provost Julia Ericksen to give the "President's Salute to the Class." Dr. Ericksen's daughter is graduating, and the Acting Provost will speak for all of the families present. Bill Cosby will receive an Honorary Degree and, at his request, he will be presented by Gavin White, Professor Emeritus from HPERD and former Athletic Director. Gavin White was the person who invited Bill Cosby to come to Temple University.

3. List of Most Sensitive Issues Facing the University

Mr. Pew suggested that it would be most helpful to the Trustees if the President would put together a list of the most sensitive issues (eight or ten) facing the University, recognizing that these issues will not be solved in a short time. Judge Dandridge suggested that it would also be helpful if the Board could have a couple of meetings over the summer to discuss these issues. The President said he thought this would be helpful in terms of sorting out the short-term and long-term priorities. The President noted that there will be a meeting on June 27, and it is now scheduled as a Joint Meeting of the Executive Committee and the Business and Finance Committee, which Committees will be empowered by today's Board meeting (if the Board acts favorably on the recommendation) to act on the Tentative University Budget for 1991-92, Tuition, and other important matters. This meeting may be transferred into a Special Meeting of the full Board--and it may have to be moved to July if we do not know the status of our State Appropriation in time to take informed action on June 27. At either the June or July meeting, the President suggested that we could have a follow-up meeting along the lines suggested by Judge Dandridge to consider the issues mentioned by Mr. Pew.

Dr. Cundy noted that the faculty-sponsored Forum on "The Future of Temple University" on April 25 and 26, was attended by several Trustees--and there were many issues presented at that Forum. The

President asked Dr. Cundy to prepare for him a list of the issues as the faculty sees them. Some of the issues would be matters of process, while others would be substantive.

The President said that the Forum was a very good idea and it illustrated the kind of faculty talent that we have at Temple University. The President thanked all of the Trustees who had participated in this Forum.

President Liacouras thanked Charles Fuget, Commissioner of Higher Education, noting that Commissioner Fuget has been a long time supporter of public higher education in general and of Temple University in particular.

Mr. Fox added his thanks to Dr. Cundy and the Faculty Senate for the tremendous job they had done in sponsoring the Forum--and the timing was very good in the sense of bringing together all parts of the University.

Executive Committee Report and Recommendations for Action

Judge Scirica, Chairman of the Executive Committee, called attention to the Report of that Committee (Agenda Reference 1), and recommended approval of the matters covered in Items 4 through 11 of these Minutes.

4. Borrowing Authority - 7/1/91 - 9/30/91

On motion duly made and seconded, the Board of Trustees voted to approve the recommendation of the Executive Committee (4/25/91) that the officers be authorized to borrow for operating purposes of the University \$30 million, on terms which the officers believe best for the University, such authority to cover the period from July 1, 1991 through September 30, 1991. (Resolution is attached as SUPPLEMENT I.)

5. Preliminary Tentative University and Hospital Budgets for 1991

Mr. Begier raised some questions about that part of the recommendation before the Board, as follows: "...unless specific exceptions are authorized by the President for legally required increases." After considerable discussion, Judge Scirica, Chairman of the Executive Committee, suggested that the language remain as it is in the recommendation, with the understanding that if the President needs to come back to the Board for clarification, he will do so. The President also pointed out that this action will be in effect for a very short time--probably only until late June or July, when there will be further action on the captioned matter.

On motion duly made and seconded, the Board of Trustees voted to approve the recommendation of the Executive Committee and the Business and Finance Committee (4/25/91) that the Board adopt Preliminary Tentative University and Hospital Budgets for 1991-92, with the understanding that this action authorizes expenditures at 97% of the levels allocated in the 1990-91 Final Budget for current, unrestricted funds, unless specific exceptions are authorized by the President for legally required increases.

6. Authorization for Executive Committee to Act on Behalf of the Board with Respect to the Tentative University Budget for 1991-92, and Related Matters

Judge Scirica noted that all members of the Board will be invited to the June 27, 1991 Joint Executive--Business and Finance Committees meeting; and there is a chance this might become a Special Meeting of the Board. In any event, all Trustees attending will be eligible to vote on the important matters to be on the Agenda.

On motion duly made and seconded, the Board of Trustees voted to authorize the Executive Committee, at its June 27, 1991 meeting, or, if necessary, a subsequent special meeting, to act on behalf of the Board with respect to the following:

- (1) Tentative University Budget for 1991-92
- (2) Tuition Schedule for 1991-92
- (3) General Activities Fee for 1991-92
- (4) Tentative Hospital Budget for 1991-92,

with the understanding that all Board members will be invited to attend the meeting on June 27, or at a subsequent special meeting, at which time the above important matters will be determined. This June 27 meeting, or a special meeting, if necessary, will be held at the customary place, Feinstein Lounge of Sullivan Hall on the Main Campus. In the event a special meeting is called, a notice will be sent in the customary way.

7. Residence Hall Room Rates for Students for Summer of 1991

On motion duly made and seconded, the Board of Trustees voted to approve the recommendations of the Executive Committee and the Business and Finance Committee, (4/25/91), and the Student Affairs Committee (4/2/91) that approval be given to the Residence Hall Rates for the Summer of 1991, as follows: Ambler - \$470; Jones Hall - \$470; and Temple Towers - \$560.

8. Tuition Rates for Second Summer Session of 1991

On motion duly made and seconded, the Board of Trustees voted to approve the recommendations of the Executive Committee and the Business and Finance Committee (4/25/91) and the Student Affairs Committee (4/2/91) that approval be given to the Tuition Rates for the Second Summer Session of 1991, said Rates being attached as SUPPLEMENT II.

9. Residence Fees (Room and Board) for 1991-92

On motion duly made and seconded, the Board of Trustees voted to approve the recommendation of the Executive Committee and the Business and Finance Committee (4/25/91) and the Student Affairs Committee (4/2/91) that approval be given to the rates for the Residence units for 1991-92 (including Undergraduate Housing - a 7% increase; Graduate Housing - a 9.5% increase; Board - an increase in the range of 5.3%--5.6%), said rates being attached as SUPPLEMENT III.

10. Expression of Appreciation to SmithKline Beecham

On motion duly made and seconded, the Board of Trustees voted to approve the recommendations of the Hospital Board of Governors (4/9/91) and the Executive Committee and Business and Finance Committee (4/25/91) that the Board of Trustees express its appreciation for SmithKline Beecham's contribution of \$1 million for the acquisition of a Vascular Interventional Suite in the Radiology and Nuclear Medicine Department, and that this Department be hereafter known as The SmithKline Beecham Department of Diagnostic Imaging.

11. Naming of Newly Renovated Klein Hall Rooms 1A and 1B in Honor of Jack E. Feinberg, Esquire

On motion duly made and seconded, the Board of Trustees voted, in keeping with the Board's Policy on Naming University Areas (5/13/69) to approve the recommendations of the Committee on Trustees (4/25/91) and the Executive Committee (4/25/91) that the newly renovated Klein Hall Rooms 1A and 1B be named in honor of Jack E. Feinberg, Esquire, with the understanding that a plaque will be placed in each room stating:

THIS TRIAL PRACTICE COURTROOM
MADE POSSIBLE BY A GIFT FROM

JACK E. FEINBERG, ESQUIRE
LAW SCHOOL CLASS OF 1947

Educational Policies Committee Report and Recommendation for Action

Mr. Shrager, Chairman of the Educational Policies Committee, called attention to the Report of that Committee (Agenda Reference 10) and recommended approval of the matter covered in Item 12 of these Minutes.

12. Tenure for Faculty for 1991-92

Mr. Shrager said that if any Trustee wants to look at the background papers which were used by the Educational Policies Committee in considering Tenure recommendations those papers are on file in the Office of the Provost.

On motion duly made and seconded, the Board of Trustees, pursuant to the procedures outlined in the Temple University Faculty Handbook, voted to approve the recommendation of the Educational Policies Committee (4/15/91) with respect to the granting of Faculty Tenure for 1991-92. (The list of the 44 Faculty recommended for Tenure and the list of the two Faculty not recommended for Tenure are on file in the Office of the Provost.)

13. Search Committee for the Office of Provost

Mr. Fox reported that the captioned Committee has been meeting regularly over the past month, with the most recent meeting being yesterday. A determination was made to hire a search firm to assist in the search. They will facilitate the whole process. The goal is to have a new Provost selected by the end of this calendar year, which the Committee believes is do-able. In addition to Mr. Fox, there are two

other Trustees serving on the search committee--Judges Scirica and Green. Dean Laird also serves on the Committee, plus five faculty. The Committee is chaired by a departmental chair, Dr. Deirdre David of English.

Mr. Begier asked which search firm was retained, and Mr. Fox said it was Ward--Harrell, a national firm which has done a lot of work in searching for people at the highest levels--presidents, provosts, deans, etc. The choice narrowed down to two firms, and it was a difficult choice because both appeared to be very good.

Mr. Pew asked if there were a job description for the position of Provost. Mr. Fox said the first job of the Committee and the search firm is to focus in on that matter. The one that is available is the one that we used a number of years ago. We will also set up the advertising requirements that have to be followed. Noting that the Provost is the first academic officer, Mr. Pew asked if the faculty was having any in-puts to this process. Mr. Fox said there are faculty, Trustees, students and deans on the Committee with the largest number coming from the faculty. Dr. Cundy said there are three faculty who were recommended by the Faculty Senate Committee on appointments; two more faculty were added, after consultation with the faculty--and the President appointed these two. Dr. Cundy said that the Chair of the search committee is a faculty member--department head.

Mr. Pew asked if the Trustees could have a copy of the job description and Mr. Fox said it would be shared with any interested Trustee. That job description will be used internally and externally. Mr. Pew asked that he be placed on the mailing list to receive a copy of the job description.

Athletics Committee Report

Mr. Pew, Chairman of the Athletics Committee, said that the Committee had met only for information purposes, at which time the Committee reviewed with Dr. Freeman and Mr. Theokas the Report of the Ad Hoc Committee of the Faculty Senate with regard to the role of athletics at the University. An official response will be made to this Report within about two weeks. The Committee also understands that a new Five Year Athletics Plan will be generated. We will have a chance to review and discuss this Plan. There is also a study on the value of advertising that comes out of the University's participation in athletic competition. The Committee reviewed the mission of the Athletic Council. There was also a discussion of the future of the Big 5 basketball arrangement.

Hospital Board of Governors Report

Dr. Rock, Chairman of the Hospital Board of Governors, called attention to the Report of that Board (Agenda Reference 12), and he thanked the Trustees for their patience and support of the Hospital. Dr. Rock also thanked Mr. Strickler and Ballard Spahr for their valuable legal advice regarding our litigation with the State and with others.

Dr. Rock said that the Hospital's cash position has greatly improved. On 6/30/90, the Hospital owed the University \$28 million. As of yesterday the Hospital had invested with the University \$2.9 million. This improvement in the Hospital's cash position is due to three principal items: (1) a reduction in the amount of time needed to collect accounts receivable; (2) the collection of the \$9 million Medical Assistance settlement for fiscal years 1990 and 1989, the revenue from which was recorded in the Hospital's 1990 fiscal year; and (3) the agreement reached with the FHA to allow Temple to defer payments into the required Funded Depreciation account; to date, this has conserved approximately \$8 million of cash and is anticipated to conserve an additional \$4 million during FY 1991-92; beginning in FY 1992-93 Temple will again be required to make payments of approximately \$4 million annually.

Dr. Rock reminded the Trustees that Blue Cross had asserted a claim for malpractice reimbursement previously paid to hospitals affecting fiscal years 1986, 1987, and 1988. In Temple's case, this potential liability came to \$5.3 million as of 6/30/91. This claim was settled on 5/1/91 and the settlement will not affect the Hospital's operating budget for this fiscal year.

Mr. Begier asked if the City of Philadelphia provides any capital funding for the Hospital. Dr. Rock said the City does not provide anything to the Hospital. Mr. Begier noted that in the case of the Community Development Plan (Item 20 on today's Agenda) the City has encumbered \$200,000 for capital improvements--and he wondered if any capital funds might not also be available for Temple University Hospital. Dr. Rock said that there will be a follow-up on Mr. Begier's suggestion.

During this discussion of the Hospital, Mr. Kessler said that he has recently spent a week as a patient at the Hospital (not identifying himself as a Trustee)--and he was very pleased to report that the medical staff is superb, the Nursing staff was very caring, and overall, he was tremendously impressed by the high quality of care given by our Hospital. He recommends it very highly for anyone needing medical services.

In response to a question from Mr. Begier, Dr. Malmud pointed out that for the Fiscal Year which began on 7/1/90, the projected deficit of the Hospital has been \$14.9 million. The actual deficit has been reduced by two primary sources: (1) the more efficient operation of the Hospital in the sense of increasing revenue and reducing expenses; and (2) the settlement that was made as a result of litigation involving the State--and we are indebted to external and internal Counsel for these very good results.

Mr. Leibovitz noted that since the Philadelphia General Hospital was closed, Temple University Hospital has essentially become the "PGH" for the needy citizens of this City. He suggested that the University wait until the major party candidates are determined at the May 21 Primary Election--and then ask each candidate to respond in writing as to what he would do to support Temple University and our Hospital. The University and its Hospital have a lot of employees and they could have an important impact on the General Election. Mr. Fox said he thinks this is a very good idea--to get the commitment before the General Election.

Mr. Fox said he wanted to echo what Dr. Rock has said in his Board of Governors Report about the progress the Hospital has made. In 1990 the Hospital was the most significant potential problem facing the University. The fiscal health of the Hospital was serious. With the leadership of the Board of Governors under Dr. Rock, the team of Dr. Malmud, Paul Boehringer and Bob Lux really turned the Hospital around; they have done a remarkable job in managing the Hospital under very difficult conditions. Dr. Rock and the membership of the Board of Governors are a remarkable group of people who had done a tremendous job. Because of all of these people, there is a whole new outlook for Temple University Hospital. The neighborhood looks upon Temple University as a place where people who need help can get it. We are fulfilling our mission through excellent management, and on behalf of the Board of Trustees, he thanks everyone who has done such an outstanding job.

Campus Planning and Plant Management Committee Report

Mr. Esposito, Chairman of the Campus Planning and Plant Management Committee, called attention to the Report of that Committee (Agenda Reference 14), noting that on March 8, the Committee reviewed and recommended approval to the Business and Finance Committee and the Executive Committee, the latter acting on behalf of the Board, of the following projects:

to approve, in concept, 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 approval is the first of the following steps:

- (1) approval, in principle, by the Campus Planning and Plant Management Committee 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 the Campus Planning and Plant Management Committee of design and construction for each specific project;
- (4) approval by the Joint Business and Finance/ Executive Committees of each specific project.

The Joint Committees did, on 3/28/91, approve the above recommendation from the Campus Planning and Plant Management Committee--and on motion duly made and seconded, the Board of Trustees voted to ratify the Joint Committee's action of 3/28/91.

The President noted that because of the favorable bond market, the \$45.7 million referred to in the March 8 recommendation from the Campus Planning and Plant Management Committee will probably be in the range of \$65 million to \$70 million because we want to take advantage of this favorable bond market.

Development Committee Report

Mr. Rosen, Chairman of the Development Committee, called attention to the Report of that Committee (Agenda Reference 15), noting that all of the Trustees have received various communications from the Development Committee, asking for financial support. These communications may seem like form letters, but Mr. Rosen asked that the Trustees treat these as a serious request to support the University financially. If we are the leaders of the University, then we have to lead in support. Mr. Fox added that most University Boards do have requirements in terms of Trustee giving. Even though Temple University does not have any formal requirement, it is critically important that each Trustee contribute to the best of his or her ability.

Honorary Degrees Committee Report

President Liacouras, Chairman of the Honorary Degrees Committee, called attention to the Report of that Committee (Agenda Reference 16), noting his thanks to Professor Davis, Chair of the English Department, and students and professors from that Department all of whom contributed greatly to the success of the Convocation on April 30, at which time an Honorary Degree was awarded to Yevgeny Yevtushenko, distinguished Soviet poet and man of letters. He also congratulated Dr. Kenneth Cundy for his eloquent (and partly Russian) presentation of the Soviet poet.

University and Community Relations Committee Report and Recommendation for Action

Mrs. Clifford, Chairman of the University and Community Relations Committee, called attention to the Report of that Committee (Agenda Reference 19, and recommended approval of the matter covered in Item 14 of these Minutes.

14. Community Development Plan

President Liacouras called attention to the recommendation on this captioned matter, noting that the University and Community Relations Committee had considered this matter very carefully at its 5/10/91 meeting, and is recommending Board approval of the Plan. He noted that the final version of the Plan will be brought to the President for final approval. The President said that Charles Bowser, a Special Counsel to the President, was able to work this out with community and political leaders, with the assistance of Kent Rayburn, Marvin Gerstein and Tom Anderson. Through the cooperation of State Representative W. Curtis Thomas and State Senator Roxanne H. Jones, the General Assembly passed and the Governors signed Act 116, which was signed on 12/7/90. Under this Act, Temple will receive a 50-year lease from the Commonwealth for the site of the former Armory on North Broad Street, with the site to be used for Student Housing. Prior to the execution of this lease, "there shall be a five-year offsite community development plan that shall be agreed upon in writing between community representatives and Temple University" affecting the area bounded by North Broad Street, Susquehanna Avenue, North Fifteenth Street and Diamond Street . . ."

The President noted that the Executive Committee (1/24/91), acting on behalf of the Board, had authorized the officers to contribute up to \$200,000 in cash and \$100,000 in in-kind services in furtherance of the implementation of a community development plan for the area immediately adjacent to the proposed new student residence facility, with the funding to come from insurance proceeds from the Armory fire.

The President said that Executive Vice President Freeman, who has been in charge of handling this whole Community Development Plan, can also respond to any questions the Trustees may have. When the University and Community Relations Committee and the Campus Planning and Plant Management Committee considered this matter on 5/10, they were quite satisfied with the proposed Plan--and the President joins in recommending approval of the Plan that is now before the Board of Trustees.

Mr. Begier referred to page 56 (the "endorsement" page), and asked why the Philadelphia Housing Authority is not listed on this page. Mr. Anderson said the PHA is in the process of sending us a letter of commitment; they are interested in working with us. Mr. Begier asked why PHA is not being asked to sign the agreement. Mr. Anderson said he did not see a need for a signature because they will send us a letter of commitment. President Liacouras said that some community leaders do not want to deal with the PHA; so, the letter of endorsement will be the next best thing. Judge Dandridge said that the community doesn't want the PHA signature.

Mr. Begier commended the University team which has handled this matter because we have been able to leverage \$300,000 into about \$800,000. He raised a question as to whether some of these techniques that have been used on the Main Campus might not also be used at the Health Sciences Center. The President said the Health Sciences Center is doing very well, too, noting that an effort is underway to bring neighborhood youngsters into the Hospital so that they can see how a Hospital works; they will be serving as "apprentices," working with physicians and other health care professionals.

The President asked--when this agreement is signed, what more do we have to do to get the lease envisioned under the legislation. Mr. Anderson said he is working with Mr. Moore and the Department of General Services, so that the execution of the lease will be expedited. The President asked when the new Student Housing facility will be available, and Mr. Rayburn said we plan to open it by the summer of 1993.

The President referred to the "Homeowner Parking Lot" (page 16 of Agenda Reference 20) provision, under which, in conjunction with the construction of the new student housing facility in the 2100 block of North Broad Street, Temple University will construct and maintain a fenced and paved parking area for six off-street parking spaces for the exclusive use of homeowner residents of the 2100 block of Carlisle Street. Temple's obligation in this regard shall end at such time as another site, satisfactory to both residents and Temple, is substituted, or when Temple no longer uses the site for student housing, whichever comes first. This will involve an outlay by Temple of \$69,500, and the President said this should become part of the motion of approval; so that the University's commitment will be \$200,000 in cash, \$100,000 in in-kind services (this \$300,000 has already been approved by the Board on 1/24/91), and this additional \$69,500.

Mr. Begier said that he liked the "seed money" approach that is found in this Community Development Plan, and he particularly liked the leveraging of \$300,000 to \$800,000.

Mr. Anderson thanks Messrs. Rayburn and Gerstein for their dedicated help in bringing this Plan into being.

Dr. Freeman said that this Plan is an extraordinary document. Tom Anderson, Kent Rayburn and Marvin Gerstein have done a superior job in providing a model that can be used in the future. The effort will meet the needs of both the University and the community.

Mr. Fox saluted Mr. Rosen who has been a constant advocate for more student housing, and it is good to see the fruition of what Mr. Rosen has been pressing for.

On motion duly made and seconded, the Board of Trustees voted to approve the recommendation of the University and Community Relations Committee (5/10/91) that the officers be authorized to approve in principle the "Community Development Plan" attached as SUPPLEMENT IV, subject to such changes as may be necessary to secure approval by the legislators, community representatives and the Department of General Services, with the understanding that the Board approves the expenditure of \$69,500 for the Homeowner Parking Lot (described on page 16 of SUPPLEMENT IV), and with the further understanding that the final version of the "Plan" will be brought to the President for approval.

Reports of Other Committees

Mr. Fox called attention to the reports of the other Committees (Agenda References 13 and 17), suggesting that if Trustees had any questions regarding these Reports, they should communicate with the appropriate Chairman.

15. Treasurer's Report

Without objection, the Board of Trustees received the list of gifts and grants received between January 1, 1991 and March 31, 1991, and purchases and sales of securities between January 1, 1991 and March 31, 1991, said Report having been distributed to the Board meeting of today (Agenda Reference 21).

16. Secretary's Report

On motion duly made and seconded, the Board of Trustees voted to approve the presentation of degrees-in-course dated August 23, 1991 to candidates approved by the appropriate academic committees of the faculty, with the understanding that degrees for Law School Evening students who regularly complete their studies in July shall be dated July 23, 1991, with a certificate of the Dean of the Law School verifying said date of receipt.

17. Report on the Status of the Woodhaven Center

President Liacouras said that at the State's request we are working out a satisfactory arrangement with the State for the continuation of Temple University at the Woodhaven Center. The deadline is 6/30/91 and we want to extend it until 12/31/91. He wants the Board to know that we are trying to work out something that will be mutually agreeable to the State and to Temple. When the State put out RFPs, it was not able to get any responsible party to bid. For Temple University to walk away under these circumstances would constitute a problem. We want to cooperate and come up with a win-win situation.

Judge Dandridge wanted to know if there will be any significant dollar change between now and 12/31/91. Dr. Freeman said there might be some dollar change under the contract, but we plan to do nothing major that we aren't doing now.

Dr. Malmud said there may be a significant change because there is a court order for Woodhaven Center to discharge a certain percent of its patients. The State has ordered us not to re-fill those places. The State recognized that our fixed costs remain the same; therefore, we are discussing with the State the increasing of the rate per client to offset the lost revenue from those who will be discharged. Judge Dandridge asked if Judge Shapiro provided for that as part of his order. Dr. Malmud said he is not certain on the point. We are beginning to review the letter we received from the State; it puts us in a questionable position. There are no care facilities to send these clients. The transition of reducing the number of patients at Woodhaven will take three years. We are in the discussion stage, and we want to do what is best for the clients.

The President said that the Parents of Woodhaven, Inc., is composed of a number of outstanding persons in the community, and they are fighting the court order.

Judge Dandridge said he thought this matter should be reviewed at the 6/27 meeting.

Mr. Pew said that we have to play "hard-ball" on this matter. The President said that fixed costs will be reimbursed and the payment per client will increase. Dr. Malmud said that we have tried to respect the State's wishes on this matter, as well as the University's risks on this, as well as the concerns of the clients.

Mr. Begier asked why we chose 12/31/91 as the next deadline, and Dr. Freeman said we need to make a decision 60 days in advance; we want to allow ourselves about four or five months to complete the negotiations. For that reason, we need to work back two months. We will really have to make our decision by 11/1/91.

Judge Dandridge noted that we had talked several months ago about how much it would cost us to close Woodhaven Center--and the President said that he would brief Mr. Begier, who was not on the Board at the time of those discussions.

After further discussion, on motion duly made and seconded, the Board of Trustees voted to approve the continuation of the negotiations between the University and the State with respect to the Woodhaven Center.

18. Fiscal Year 1991 State Appropriation

The President noted that in his Report to the Board today (Item 2 of these Minutes), he had dealt with the 1991-92 fiscal year. The captioned item deals with 1990-91. As most of you know, the State sent us one communication on the abatement of 3.5%, plus the decision by the State not to comply with the Tuition Challenge Grant. That represents between \$6.3 million and \$6.5 million. This issue came up at meetings of the Board in February and March. What will we do about this? What is the legal position? There is the question of whether the abatement of the 3.5% was legal. Our position was that so long as the abatement was for all of the Non-Preferreds, it is probably 60--40 in favor of the State.

On the Tuition Challenge Grant, the appropriation was part of an offer and acceptance. We have relied in setting our tuition rates on the State's reimbursing us, but we may receive only a partial amount now. We believe our legal position was even stronger.

As to the delays of the State in making 12 monthly payments for the State Appropriation, we thought this should be in 12 equal payments. We wanted these matters and the others left to good fair negotiations with the State.

In the interim, we had our Appropriations Hearing before the Senate Appropriations Committee (which Senator Tilghman chairs)--and the President told Senator Tilghman that we do not contemplate legal action at this time. We would rather try to work this out.

Since the end of February, the State System of Higher Education had the Board of Directors pass a resolution accepting the 3.5% abatement. Their position is that the State agreed by resolution to the reduced appropriation. The State System, unlike Temple, is not a Non-Preferred; rather, it is part of the General Funds Budget. There is a question as to whether the Governor may abate a State Appropriation; or whether the entire government, including the General Assembly, must approve; or whether our consent is necessary since we are the benefactor of this appropriation. The President's own recommendation is that if the Board takes such action, it may freeze the status quo legally; it will have no effect in getting the money back; and if we do nothing, we probably won't get the money. Dr. Freeman's recommendation was that we do nothing. The President's own recommendation is to do nothing for the time being.

We had an inquiry last week from the Chairman of the Senate Appropriations Committee as to whether Temple was contemplating any further legal action on abatement; or had we received a document to execute.

Judge Dandridge said he would like to see something in writing on this matter before he votes on it. Mr. Moore said that the 6/27 meeting would be the appropriate time to take this up and provide the Board with the background information. The President said that we have only the letter saying the Governor is recommending this abatement. Dr. Freeman noted that we did get a letter of 3/8/91 from the Secretary of Education and it actually does outline the action regarding the abatement; what we never did receive was a request to take some action

or to sign something. It could be argued that the Board has already acknowledged this abatement by the action on the amended Budget that did make reference to the reductions on the State Budget. This Board has gone on record in adjusting our budget to revenues. The President said that we also made it clear at the time that we would try to recoup the State cuts. He doesn't think this 3/8/91 letter from the Secretary of Education changes the recommendation.

Mr. Fox said that the administration, with counsel's advice, should send the Board Members a memo on this matter so that the Board can take an informed decision as to what, if any, action is appropriate on 6/27.

19. University Funding Obligation - 1991 Issue

Mr. Connolly, Associate Vice President for Financial Affairs, pointed out that on 4/26/90 the Joint Executive Committee and Business and Finance Committee approved the issuance of up to \$20 million of one year University Equipment Note. On 6/13/90, the University issued \$12.1 million of these Notes through PNC Securities Corp. at 6.25% that will mature on 6/1/91. The University intends to issue new notes this year.

This program mirrors a program in place at Penn State and is an advantage to the University because it allows borrowing at tax-exempt rates for capital expenditures it would otherwise make out of general funds whose value to the University is higher than the cost of the tax exempt borrowing. Because of more effective cash management, this year's issue is expected to have a favorable budgetary impact of at least \$400,000.

The note issue will be for one year and sized to include the refinancing of the unamortized or undepreciated value of the capital financed in June of 1990 plus capital expenditures made from general revenues from July 1, 1990 to June 1, 1991 (the anticipated closing date) and to pay for capital costs as they arise from June 1, 1991 through November 30, 1991. The estimated maximum size of the note issue is \$32 million.

Mr. Connolly referred to two resolutions (which had been distributed with the Agenda) for Board action. The first authorizes the issuance of the 1991 University Funding Obligations. The second is to comply with recent treasury regulations which require that an intent to finance be approved prior to acquisition of equipment or capital for which the University will issue "Reimbursement Bonds". Adoption of this second resolution will enable us to do an equivalent financing next year subject to final Board approval.

In response to a question from Mr. Begier regarding the relationship of the Operating Budget to the Capital Budget, Dr. Freeman said that our Equipment Budget lies within the Operating Budget; our Capital Budget is for facilities and renovations.

The President said that we have been unsuccessful in trying to get the State to consider Equipment as a Capital outlay. The State says that the life of most Equipment is shorter than the life of the bonds; therefore, the acquisition of Equipment has to come out of the Operating Budget. We have developed a Capital Budget through the Campus Planning

and Plant Management Committee. Within the next year, our main objective will be to separate the Capital Budget from the Operating Budget. Equipment will be an issue both ways; the State treats Equipment as an Operating item; and the Operating Budget is being used to re-pay bonds that were used for the purchasing of Equipment.

Judge Dandridge said that he would like to have had these two rather complex Resolutions well in advance so that he could have reviewed them prior to voting on them. Mr. Connolly said that we found out very late that we would be able to refinance last year's equipment. It was about one and one-half weeks ago that we learned this. We found we would have to do this on the maturity date; it has to be done by June 6. The President said we had the choice of bringing this to today's meeting or losing the \$400,000. Mr. Fox said that under normal circumstances, Judge Dandridge's point is well taken; however, we just learned that we can no longer hold telephone conference meetings. Mr. Pew asked if this would apply to a purely "informational" matter. Mr. Moore said that meetings that are required to be public under the Sunshine Law cannot be done by telephone conference call, not even with notice and an open speaker phone. We can still have executive session by telephone conference calls if the subjects of the calls are allowable under the Sunshine Law and briefings that do not include deliberations on University business can be done by conference calls. Any subject that is required to be public cannot be handled by a telephone conference call.

After further discussion, on motion duly made and seconded, the Board of Trustees voted to adopt the following Resolutions:

(1) Authorizing the issuance and sale of the University's Notes in an aggregate principal amount not to exceed \$32,000,000; approving the execution and delivery of certain financing documents; authorizing incidental action; and repealing inconsistent resolutions. (Attached as SUPPLEMENT V)

(2) Expressing the University's official intention to reimburse certain capital expenditures by incurring tax exempt debt; identification of sources of funds; public availability of resolution; authorizing incidental action; and repealing inconsistent resolutions. (Attached as SUPPLEMENT VI)

The President said that, looking back on this matter, we could have had an "informational" telephone conference call in order to brief the Trustees regarding this financing--and he will keep this in mind for the future.

20. Strategic Business Plan for Temple University Hospital--
Commentary by Goldman Sachs

Mr. Fox said that the captioned matter has already been covered at the Joint Committees meeting of April 25, 1991, and it will, therefore, not be necessary to duplicate that briefing today. Goldman Sachs has reviewed the Strategic Business Plan for the Hospital and they believe it is a viable Plan.

The meeting of the Board of Trustees was adjourned at 5:15 P.M.