

Minutes of a Telephone Conference Meeting
of the
Executive Committee of the Trustees of the University of Pennsylvania
23 July 1986

A telephone conference meeting of the Executive Committee of the Trustees of the University of Pennsylvania was held on Wednesday, 23 July 1986. Trustees participating in the meeting were: Walter G. Arader; Samuel H. Ballam, Jr.; Richard P. Brown, Jr.; Gloria Twine Chisum; Charles D. Dickey, Jr.; G. Morris Dorrance, Jr.; Robert A. Fox; Charles F. Fretz, Jr.; Sheldon Hackney; Carl Kaysen; Paul F. Miller, Jr.; John B. Neff; Alvin V. Shoemaker; and D. Robert Yarnall. Other participants were: Alfred F. Beers; Frank E. Claus; Scott C. Lederman; Robert G. Lorndale; Helen B. O'Bannon; Marna C. Whittington; and Barry Wildstein.

The chairman, Mr. Shoemaker, called the meeting to order. Mrs. O'Bannon explained that the meeting had been called so that action might be taken on two resolutions where there is a significant time element involved. She introduced each resolution in turn; Mr. Lederman provided additional details on the first resolution, as did Dr. Whittington on the second.

1. Action. A Resolution on Refinancing Outstanding Indebtedness was approved as follows:

Intention:

In 1978, the University issued: \$40,200,000, The Hospitals Authority of Philadelphia, Hospital Revenue Bonds, Series of 1978, (The Hospital of the University of Pennsylvania), to refund \$34,000,000 in outstanding debt issued in 1975 to construct the Silverstein Pavilion, and also to finance a portion of the costs of additional improvements as part of the Long Range Plan of the Hospital of the University of Pennsylvania.

In 1984, the University issued: \$106,830,000, The Hospitals and Higher Education Facilities Authority of Philadelphia, Hospital Revenue Bonds, Series of 1984, (The Hospital of the University of Pennsylvania), for the purpose of financing construction and renovations that were part of Phase IV of the Hospital's Long Range Plan.

The administration has been reviewing this outstanding indebtedness in light of recent changes in interest rates and market conditions and has determined that it may be financially advantageous to refinance this debt through an advance refunding. Refinancing would not only reduce debt service obligations but might also result in more favorable Indenture covenants.

RESOLVED, that the Executive Committee of the Trustees of the University of Pennsylvania approve the refinancing, through an advance refunding, of: \$40,200,000, The Hospitals Authority of Philadelphia, Hospital Revenue Bonds, Series of 1978, (The Hospital of the University of Pennsylvania); and \$106,830,000, The Hospitals and Higher Education Facilities Authority of Philadelphia, Hospital Revenue Bonds, Series of 1984, (The Hospital of the University of Pennsylvania), if financially advantageous to do so.

FURTHER RESOLVED, that the Vice President for Finance and other officials of the University be authorized to take such actions and execute such documents as may be required to effect this resolution.

2. Action. A Resolution on Additional Borrowing of \$6.5 Million Through the Pennsylvania Higher Education Facilities Authority (PHEFA) was approved as follows:

Intention:

The Pennsylvania Higher Education Facilities Authority (PHEFA) has informed the University that it is able to allocate \$6.5 million of its next tax exempt financing authorization for University of Pennsylvania projects. Because of the uncertainty of the availability of tax exempt financing in the future, the attractiveness of the terms and conditions of this financing, and the need to obtain funding for certain projects to which the University and the Trustees have already committed or are likely to commit to in the near future, including the Chemistry Laboratories renovations, the Wharton Executive Education Center, the Engineering Building addition and renovations, and various University deferred-maintenance projects, the administration recommends approval to privately place a \$6.5 million note with Morgan Guaranty Bank utilizing the PHEFA Authority. It is anticipated that the note would carry a variable interest rate equal to 69% of the Bond equivalent rate for 91-day treasury bills. Morgan would have a one-day put option during the 30-year term of the note. Principal would be paid at maturity.

RESOLVED, that the Executive Committee of the Trustees of the University hereby authorize the administration to utilize financing available through PHEFA for a term of 30 years, at a tax-free variable interest rate equal to 69.875% of the average annual interest-rate equivalent of the United States treasury bills or, if the interest payable on the Bonds is determined to be subject to federal income taxation, two times such rate.

FURTHER RESOLVED, that the Vice President for Finance or other appropriate officers of the University be and they hereby are authorized: (1) to file an application for financing assistance with the Authority; (2) to approve the form, terms and condition of any financing documents used by the Authority or the University in respect to the financing; (3) to execute, attest the Corporate Seal and deliver any documents required of the University in connection with the issuance of Bonds by the Authority; and (4) to take such other action as may be required to enable the Authority to issue Bonds on behalf of the University, and to loan the proceeds thereof to the University, for payment of the costs of the projects as described to the Trustees.

Adjourned.

Respectfully submitted,



Robert G. Lorndale
Associate Secretary of the
University