

# A Message from President Norman Lamm

July 30, 1980

Several months ago, in a "Special Message to the Yeshiva University Community," I described the steps that the University has taken to assure fiscal stability. I also told of how the University has been attempting to restructure its debts, and of the difficult ongoing negotiations with our lending institutions.

I was encouraged by the reaction to that letter. The candor of my message elicited appreciation, concern, and promises of support no matter which route the University would be required to take.

I therefore turn to our YESHIVA UNIVERSITY family with a second message.

I am most pleased to report that on Monday, July 14, YESHIVA UNIVERSITY executed a series of historic agreements with our secured and unsecured lenders, which provide for a comprehensive debt restructuring plan of the University's long and short term debt. This plan, approved by the Board of Trustees on July 8, has been formalized, documented, and made a matter of record. This essential phase of our program to assure the financial stability of the University has been consummated through negotiation. We have, in effect, taken a firm and secure step into the future.

The agreement, the result of nine and a half months of effort by University Board members, administrators, and public officials will, if successfully implemented, allow the institution substantially to discharge its debt and to continue relatively debt-free for the foreseeable future. It represents one of the greatest challenges and opportunities YESHIVA UNIVERSITY has ever faced. If we seize the opportunity and rise to the challenge, we can become free at last of the crushing burden of huge monthly financial obligations which have sapped our strength and enthusiasm.

Basically, the success of the debt restructuring effort and the significant benefits to be derived from the agreement rest upon the University's ability to remit some **\$35 million by the Spring of 1982**. The first payment of \$5 million was made July 14, 1980, when the agreement was executed. The second payment of \$10 million will be due February 1, 1981; the third payment of \$5 million will be due July 1, 1981; and the final payment of \$15 million will be due February 1, 1982. Effectuation of the agreement will for all practical purposes discharge the institution's debt obligations of some \$61 million, leaving only some \$10 million to be repaid over many years and on very favorable terms, free of the anguish and apprehension of the past. The precise terms of the debt restructuring plan varied from lending institution to lending institution so as to meet their individual requirements and preferences which ranged from the full payment of the principal over an extended period of time to a reduction of principal in consideration of the acceleration of cash payments.

We believe we have reached an appropriate agreement to protect the interests of the University, its faculty and students, and the community. This comprehensive debt restructuring, coupled with strict adherence to the University's Long Range Plan, whereby each of the institution's schools and programs is



mandated to operate within its means, will allow us to plan for the future rationally and wisely.

The key to the success of our efforts in living up to the terms of this agreement is our "Century Campaign." Just eight months ago, YESHIVA UNIVERSITY marshalled its talent and resources to launch this \$100 million campaign in celebration of our forthcoming 100th anniversary in 1986. The campaign represents an intensified effort to maintain and strengthen the institution's academic programming as well as to secure its financial well being as we confront the challenges of a new decade.

The theme of the campaign is WE WILL BECAUSE WE MUST. For the sake of the country and the Jewish community, YESHIVA UNIVERSITY **must** continue as a vital force in higher education and as a source of significant leadership in all areas. And because WE MUST, WE WILL. However, in order to achieve this, we must remain free of those economic anxieties which can crush the spirit and dampen our hopes for a vibrant center of learning, responsive to its own ideals and to the society it serves.

The \$35 million over the next seventeen months (over and above our annual philanthropic needs) constitutes the first phase of the Century Campaign. This Herculean effort must engage us on all fronts. It demands solidarity of purpose not only from those who have contributed in the past, but also from a new generation of leaders and workers aware of the need to sustain and fortify YESHIVA UNIVERSITY so that it may remain in the forefront of education and communal service. The call is going out, and it is up to all of us and to each of us to respond in a voice loud and clear, "Yes, we will succeed. WE WILL BECAUSE WE MUST!"

The challenge to fulfill the terms of the agreement may appear forbidding and awe-

some. But is it any more demanding than the challenge of establishing, in a short period, one of the world's great medical schools? Is it any more awesome than the challenge, undertaken by a handful of immigrants, of building a world center of higher Jewish learning, combining the ancient Jewish wisdom with the academic disciplines of the Western world? Is the challenge greater than bringing to life, within a generation, a succession of graduate and professional schools in law, social work, psychology, education, and Jewish education?

If ever there was a success story in American education, from the humble beginnings in a tenement on New York's Lower East Side some 95 years ago, to our four campuses, 7,000 students, special programs in Israel and Los Angeles, and our myriad of exemplary services to the Jewish and general community, it is YESHIVA UNIVERSITY. **If there were no Yeshiva University today, the community would demand that we build one,** so that we might offer our unique educational programs and provide the thousands of alumni who today serve in a multitude of professions throughout the world. Our educational philosophy and institutional mission are as relevant, valid, imperative, and persuasive today and tomorrow as they have been in the past. We have overcome the first obstacle in our plan for financial security, and we shall overcome the others. We will. Because we must.

It is with this solid sense of achievement, and in the confidence that we shall continue to exercise the talent and imagination which have made YESHIVA UNIVERSITY synonymous with academic excellence, that we approach the historic task before us. We have the capacity to grasp this unique opportunity and prove once again that we not only are equal to the occasion, but will take the lead in a movement of resurgence and reconstruction among all independent institutions of higher learning.



Now that we have taken this all-important first step in placing our financial house in order, we look back with deep gratitude upon those who served the institution so well during this difficult period and did so much to help lay the groundwork for a bright and exciting tomorrow. For more than two years, a University-wide Joint Board Financial Planning Committee worked with singular diligence in determining the needs for future fiscal stability. To assist in this process, the Committee made use of the consultation services of Peat, Marwick, Mitchell & Co., who helped construct a framework for our Long Range Plan for the Manhattan campuses, and benefited from the counsel of Weil Gotshal & Manges who were most instrumental in the debt restructuring effort.

In the forefront of distinguished service, demonstrating exceptional leadership and commitment, were: Board members Gedale B. Horowitz, Ludwig Jesselson, Ronald P. Stanton, Max Stern, and Stanley E. Stern; Board of Overseers of Albert Einstein College of Medicine Chairman Eli L. Rousso, and members Irwin Chanin, Joseph I. Lubin, Albert Parker, Burton P. Resnick, Philip Rosen, and Jack D. Weiler; and Cardozo Directors Charles Ballon and Harold Gelb.

In particular, I am happy to commend publicly Board of Trustees Chairman Herbert Tenzer, who gave ceaselessly of his time, his heart, and his mind to bring the debt restructuring effort to a successful conclusion; and indefatigable Ira M. Millstein, a member of the Board of Overseers, who imaginatively and creatively spearheaded the negotiations during the final steps which led to the agreement. Only men of exceptional stature, vision, and tenacity could have prevailed. The University is fortunate to count them among its staunchest supporters. I am proud to thank my associate, Vice President for Business Affairs Sheldon E. Socol, who so loyally and competently served

the cause of the University during this period.

In this long and often agonizing process, the University was aided by the good offices of New York Governor Hugh L. Carey, and by many others within and outside the institution who were steadfast and resolute on behalf of YESHIVA UNIVERSITY and all that it represents.

For its part, the academic community of the University will resolve to continue and even enhance its standards of excellence; to live within its means, even if that proves painful at first; and to be open to such changes as can best assure the fiscal viability and academic integrity of the whole institution.

The hammering out of the debt restructuring plan was not without its periods of tension, stress, and even hostility. What appeared to us as an obvious meeting of congruent interests of all parties concerned, often became an adversarial contest, with YESHIVA UNIVERSITY bearing the brunt of an anxiety-ridden financial community and subject to pressure not in keeping with the conventional debt restructuring process that often takes place between banks and business institutions.

To reach such an agreement took months of laborious effort, a Jobian amount of patience, and the constant elaboration of YESHIVA UNIVERSITY's singular role as an educational institution and a source of vital research and service for the nation and the immediate community it serves. Despite the recriminations which marked the start of the negotiating process, new lines of communication were opened, and reason ultimately prevailed.

Our appreciation is extended to the Chemical Bank and to the Bowery Savings Bank, Manhattan Savings Bank, Citibank, and other lending institutions which, ultimately, were receptive, cooperative, and constructive in



reaching the agreement. In regard to several banks, what was at first an adversarial contest ended in a spirit of harmony and cooperation.

During this most anxious period, YESHIVA UNIVERSITY has been best able to gauge the reservoir of trust and respect it has earned during its long and distinguished 95 year history. From academia and the community at large, and from the Jewish community in particular, there came a response of support and encouragement that filled us with a renewed sense of commitment and mission.

As Winston Churchill once said, what we have accomplished so far is not the beginning of the end, but the end of the beginning. The road ahead of us is long and rocky, but it leads to a great destiny.

As we prepare for our 95th year and the opening of a new school term in the Fall, we know that life at YESHIVA UNIVERSITY will continue to throb with a fresh generation of eager and talented students, a full cadre of exceptional faculty, and a host of both traditional and innovative academic and service programs which have been the hallmark of this very special place of learning. We face this new beginning with renewed confidence, with high resolve, and with the inspiring strength of a tradition which assures not only a festive celebration of our 100th anniversary in 1986, but also our continuing health and vitality into the next century and beyond.

I say this because I believe it with all my heart and all my soul. To paraphrase William Faulkner, in his famous Nobel Prize acceptance speech—I believe that YESHIVA UNIVERSITY will not merely endure: **it will prevail**. It is going to overcome its problems not only because it has loyal supporters and hard-working friends, but because it has a sublime mission, an institutional soul, a spirit capable of compassion and sacrifice and endurance. ■

