

# VCU Board of Visitors

V i r g i n i a C o m m o n w e a l t h U n i v e r s i t y

## August 25, 2005 A Regular Meeting of the Board of Visitors

### *Minutes*

A regular meeting of the Board of Visitors of Virginia Commonwealth University was held on Thursday, August 25, 2005, at 9 a.m. in Richmond Salons 1 and 2 located in the University Student Commons at 907 Floyd Avenue.

Present were Drs. Bersoff (Rector), Broaddus, Doswell, Romano and Shapiro; Messres. Axselle, Jackson, Robertson, Sherman, Siegel, Snead and Thompson; and Mrs. Rhodes. Absent were Messrs. Baldacci and Rosenthal and Mrs. Lambert. Also present were Drs. Trani, Brodd, Gottfredson, Huff, Lewis, Macrina, Moriaty, Ream, Retchin and Rhone; Messrs. Bunce, Jez, Ohlinger, Ross, Wyeth; and Mesdames Balmer, Buckley, Chinnici and Messmer; and faculty representative Dr. Lewis. Ms. Ashley Bacon-Ward Mr. Bradford Allen were also present.

Dr. Bersoff called the meeting to order and welcomed members of the press. The Report of the President was presented: The following new Board members were introduced: Mrs. Lillian L. Lambert is the president of LilCo Enterprises. Mrs. Lambert was unable to attend the meeting. Mr. Stuart C. Siegel is the Chairman of S&K Famous Brands, Inc. Mr. Siegel is a former Rector of the Board as well as past Vice Chairman of the VCU Foundation and a former Board member of the MCV Hospital Authority. Mr. Siegel is a native Richmonder and received a Bachelor of Science from East Carolina University.

Dr. Trani recommended to the Board the approval of Ms. Ashley Bacon-Ward as the 2005-06 Student Representative to the Board and Mr. Allen Bradford as the Alternate Student Representative. On motion made and seconded, the Board approved the student representative and the alternate student representative.

Dr. Jerome F. Strauss, III, Dean of the School of Medicine was introduced. Dr. Strauss comes to VCU from the University of Pennsylvania School of Medicine's Department of Obstetrics and Gynecology. Dr. Strauss also is the founding director of the Center for Research on Reproduction and Women's Health at the University of Pennsylvania Medical Center. Dr. Strauss has been internationally recognized for his research and research training programs, which have been sponsored continuously by the National Institutes of Health for more than 20 years. Dr. Strauss earned a bachelor's degree from Brown University in 1969, earned a medical degree in 1974 and a doctorate degree in molecular biology in 1975 -- both from the University of Pennsylvania.

The enrollment report was presented for information. Powerpoint presentations concerning the Higher Education Restructuring Act: Six year Financial Plans and the Importance of Base Adequacy Funding in Implementing Key Initiatives from the VCU 2020 Strategic Plan were presented.

Scientific Integrity, written by Dr. Francis L. Macina, was distributed to the Board.

The Report of the Rector was presented. Dr. Bersoff recapped the accomplishments of the past year and looks forward to working with the Board in the upcoming year.

Dr. Bersoff reported on the Executive Committee meeting held August 1, 2005. The Committee approved the following Resolution and a copy of the Resolution was forwarded to the State Secretary of Education:

### **RESTRUCTURED HIGHER EDUCATION FINANCIAL AND ADMINISTRATIVE OPERATIONS ACT**

**WHEREAS**, the 2005 Session of the Virginia General Assembly passed and the Governor of Virginia signed into law the Restructured Higher Education Financial and Administrative Operations Act ("the Act") as amended;

**WHEREAS**, the Act requires that the Board of Visitors commit through formal resolution to meet statewide higher education goals in the following areas:

- access and enrollment

- affordability
- program availability
- academic quality
- student retention and degrees conferred
- access to four-year institutions through the Virginia Community College System
- economic development
- externally funded research
- student achievement and teacher development in elementary and secondary education
- six-year enrollment, academic, and financial planning
- operational efficiency

**WHEREAS**, measurement and attainment of such goals is to be determined based on criteria to be developed by the State Council of Higher Education for Virginia and the Governor in consultation with the legislature and the public institutions of higher education in Virginia;

**WHEREAS**, by adopting this resolution, Virginia Commonwealth University shall be permitted by the Commonwealth to exercise basic restructured financial and operational authority as identified in the Act; and,

**WHEREAS**, by meeting specific institutional performance benchmarks in those areas noted above, Virginia Commonwealth University shall receive financial benefits including interest on tuition and fee revenue, automatic reappropriation of year end balances, a pro rata share of rebates received by the Commonwealth on credit card purchases and other similar programs, and a rebate of transaction fees associated with sole source procurements from vendors not included in the Commonwealth's electronic procurement system.

**THEREFORE, BE IT RESOLVED**, that the Board of Visitors of Virginia Commonwealth University commits to the Governor and General Assembly of Virginia its best efforts to meet such goals for Virginia Commonwealth University as may be established consistent with the Act.

Dr. Shapiro reported for the Academic and Health Affairs Committee. The Virginia Commonwealth University Health System Financial Statement Summary Fiscal Year 2005 – 11 Months Ending May 31, 2005 and a Statistical and Financial Executive Summary for the 12-months ending June 30, 2005, were presented for information as well as a Report on Degrees Awarded 2004-05. A powerpoint presentation from the Provost and Vice President for Academic Affairs included the following items: Strategic Planning Process to Date; Key Changes in the Provost's Office; Major Strategic Plan Initiatives for discussion; Development of a framework for systematic review of academic programs; Creation of a University College; Consideration of a foundational core curriculum; and Establishing an Honors College.

Dr. Doswell reported for the Audit Committee. The Audit and Management Services Charter was presented. Professional auditing standards require that each department have a Charter to document the Purpose, Authority, and Responsibility of the audit function and that the charter be approved by the Board of Visitors. The Audit Committee recommended to the full Board the approval of the Audit and Management Services Charter. The Auditor of Public Accounts – Status of the Audit for the Year Ended June 30, 2005, was presented for information.

Mr. Robertson reported for the External Relations Committee. The following items were presented for information: the Government Relations and Health Policy Report, the Marketing and Media Relations Report and the Advancement Division Reports.

Mrs. Rhodes reported for the Finance, Investment and Property Committee. The Student Affairs Committee joined the meeting of the Finance, Investment and Property Committee to participate in a presentation by Dr. Daniel J. LaVista, Executive Director of the State Council of Higher Education for Virginia. Information on the Restructuring Act and the Virginia Scorecard were distributed and discussed by Dr. LaVista and members of the Board. The 2005 Session of the General Assembly passed and the Governor approved the "Restructured Higher Education Financial and Administrative Operations Act," which was effective July 1, 2005. The Restructured Operations Act covers all Virginia Public Higher Education institutions, and each institution may seek one of three Levels of Autonomy from state financial and administrative controls. The Executive Committee of the Board approved a resolution on August 1, 2005, committing to eleven goal areas. The performance on the goals will be reviewed using measures and benchmarks to be developed by the Governor and the State Council of Higher Education. The measurements and benchmarks are known as the "Scorecard."

The 2006-08 State Budget Request was presented. The 2006-08 state operating budget development submission process consists of two major components. The first component is the development of the University's base budget, which was submitted to the Department of Planning and Budget (DPB) on August 1, 2005. The second component is the submission of funding requests for new initiatives. The University's total state budget request will consist of central crosscutting issues and institutional-specific initiatives. Typically, institutions do not submit unique requests for items that are addressed on a statewide basis for all institutions. These crosscutting issues include base adequacy funding, faculty salaries, student financial assistance, and higher education equipment trust fund (HEETF). It is anticipated that the

University will submit institutional-specific initiatives for operation and maintenance costs of new facilities coming on-line, police and security needs, information technology security issues, library space utilization, unavoidable cost increases (e.g., utilities, contract escalation costs and relocation costs/swing space), and language amendments (technical in nature). The Finance, Investment and Property Committee recommended to the full Board the endorsement of the institutional priorities for submission to DPB with the understanding that the actual submission will conform to the DPB instructions and will be provided to the Board at the November, 2005 meeting.

The Architect/Engineer Selection for the Medical Sciences Building II was presented. The project is a 125,000 SF research building that will be located on the site of the existing Nursing Education Building. The building will add needed research and related support space to support the University's strategic initiative to expand the research program. Included in the program are wet laboratories, laboratory support space, research training space on the ground floor and a vivarium. The construction budget is \$40,000,000 with a total budget of \$53,000,000. The firm of Ballinger Architects with Commonwealth Architects was recommended. The Architect/Engineer Selection for the Medical Sciences Building II was approved.

The Architect/Engineer Selection for the Sanger Hall Laboratory Renovations, Project 3, Third Floor Laboratory Renovation was presented. The project is the third in a series of renovations in Sanger Hall targeted at bringing laboratories up to current standards in response to the University's strategic initiative to increase research. The renovation of the third floor of Sanger Hall will transform existing outdated laboratory and office space into a state-of-the-art research facility. The design will include architectural renovations with new laboratory benches and equipment. Work will include mechanical, electrical, plumbing, and fire protection improvements to the existing building system. The construction budget is \$2,500,000 with a total budget of \$4,182,306. The firm of NBJ Architecture was recommended. The Finance, Investment and Property Committee recommended to the full Board the approval of the Architect/Engineer Selection for the Sanger Hall Laboratory Renovations, Project 3, Third Floor Laboratory Renovation.

The Architect/Engineer Selection, Term Contract – Vivarium Design and Renovation was presented. Facilities Management routinely retains the services of architectural and engineering firms on term contracts to provide professional services for construction and renovation projects, feasibility studies, and planning initiatives. The purpose of the Term Contract is to provide planning and design services for the renovation of existing vivarium space and animal procedure rooms. The highly specialized space requires the use of a firm with extensive experience in designing vivarium space and animal procedure rooms. The firms of Flad & Associates, Inc., NALLS Architecture Inc. and Marsh Witt Associates, P.C. were recommended. The Finance, Investment and Property Committee recommended to the full Board the approval of the Architect/Engineer Selection – Term Contract for the Vivarium Design and Renovation.

The Project Plans for the Schools of Business and Engineering were presented. The project will relocate the School of Business into a new 129,338 SF building and provide an additional 114,379 SF for the School of Engineering in a new building on the Monroe Park Campus Addition. The project will provide classrooms, case study rooms, an auditorium, multi-media teaching facilities, a café, a simulated stock-trading floor, teaching laboratories, research laboratories, faculty offices, administrative offices, and related support spaces. The construction budget for the School of Business is \$31,000,000 with a total budget of \$41,800,000. The construction budget for the School of Engineering is \$33,200,000 with a total budget of \$42,400,000. The Finance, Investment and Property Committee recommended to the full Board the approval of the project plans for the School of Business and the School of Engineering.

The Fiscal Requirements for the Schools of Business and Engineering were presented. The fiscal requirements for the School of Business are cash, proceeds from the 21st Century Bonds, and the net present value of unrestricted pledges equal or exceed 70 percent of the anticipated project costs (\$42,077,000), which is estimated to be \$29,453,900. For the School of Engineering, fiscal requirements are cash and net present value of unrestricted pledges equal or exceed 70 percent of the anticipated project costs (\$42,820,000), which is estimated to be \$29,974,000. The Finance, Investment and Property Committee recommended to the full Board the approval of the Fiscal Requirements for the Schools of Business and Engineering.

The Finance, Investment and Property Committee recommended to the full Board the approval of the following resolutions:

## **RESOLUTION**

### **Authorizing Agreement**

#### **Virginia Commonwealth University School of Engineering Foundation and Virginia Commonwealth University School of Business Foundation**

**WHEREAS**, the Virginia Commonwealth University (the "University") desires to provide for the development and construction of (a) an addition to its School of Engineering (the "Engineering Project"), and (b) a replacement facility for its

School of Business (the "Business Project," and together with the Engineering Project, the "Projects"), each to be located on the Monroe Campus; and

**WHEREAS**, the University and the Virginia Commonwealth University School of Engineering Foundation (the "Engineering Foundation") have entered into a Project Development and Financing Agreement (the "Engineering Agreement") in relation to the development, construction, financing and refinancing of the current facilities housing the University's School of Engineering (the "Original Engineering Building"); and

**WHEREAS**, the Engineering Foundation supports the Engineering Project and the University expects to amend the Engineering Agreement in connection with the Engineering Project to provide for the construction of the Engineering Project by the Engineering Foundation and obligating the Engineering Foundation to pay all debt service on indebtedness incurred by the University to fund the construction of the Engineering Project; and

**WHEREAS**, the Virginia Commonwealth University School of Business Foundation (the "Business Foundation") supports the Business Project and the University expects to enter into a Development and Financing Agreement (the "Business Agreement") with the Business Foundation to provide for the construction of the Business Project by the Business Foundation and obligating the Business Foundation to pay all debt service on indebtedness incurred by the University to fund the construction of the Business Project; and

**WHEREAS**, the University and the Engineering Foundation have entered into a lease agreement (the "Engineering Lease") providing for the lease of the Original Engineering Building by the Engineering Foundation to the University, and the University and the Engineering Foundation expect to amend the Engineering Lease to include the Engineering Project; and

**WHEREAS**, the University expects to enter into a lease agreement (the "Business Lease") with the Business Foundation to provide for the lease of the Business Project by the Business Foundation to the University; and **WHEREAS**, the plans for the Projects and the expected contents of the amended Engineering Agreement, the amended Engineering Lease, the Business Agreement, and the Business Lease (collectively, the "Agreements") have been presented to this meeting of the Board of Visitors (the "Board") of the University.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF VISITORS OF VIRGINIA COMMONWEALTH UNIVERSITY:**

1. The Board hereby approves the Projects and authorizes the Senior Vice President for Finance and Administration to approve the terms and conditions of the Agreements and any other agreements with the Engineering Foundation and the Business Foundation (collectively, the "Foundations") in relation to the Projects. The officers of the University are authorized and directed to execute and deliver the Agreements and such other agreements with the Foundations.
2. The appropriate officers and employees of the University, as authorized by the Senior Vice President for Finance and Administration, any of whom may act, are hereby authorized to take all such actions as may be necessary or desirable in connection with the development, acquisition, construction, equipping and financing of the Projects. The appropriate officers of the University, as authorized by the Senior Vice President for Finance and Administration, are hereby authorized and directed to approve, execute and deliver all certificates, documents, contracts, agreements and other instruments, as they may consider necessary or desirable in connection with the Projects and the Agreements.
3. All other acts of the officers of the University that are in conformity with the purposes and intent of this Resolution and in furtherance of the Projects and the Agreements are hereby approved, ratified and confirmed.
4. In the absence of the Senior Vice President for Finance and Administration, the President, the Vice President for Finance, or the Associate Vice President for Business Services and Treasurer of the University may exercise all powers delegated by this Resolution to the Senior Vice President for Finance and Administration.
5. This Resolution shall be effective immediately.

## **RESOLUTION**

### **Amended Authorizing Agreement Medical College of Virginia Foundation**

**WHEREAS**, the Virginia Commonwealth University (the "University") and the Medical College of Virginia Foundation (the "Foundation") on September 15, 2003, entered into a Massey Cancer Center Development and Financing Agreement (the "Agreement"); and

**WHEREAS**, the University desires to develop and construct an addition (the "Project") to the Massey Cancer Center; and

**WHEREAS**, the Foundation supports the Project; and

**WHEREAS**, \$14,025,000 of the cost of the Project has been financed with proceeds of bonds issued by the Virginia College Building Authority ("VCBA") for which the University has delivered to VCBA its promissory note (the "2003 Obligation") in the amount of such bonds.

**WHEREAS**, a [portion of] the cost of the Project is expected to be financed with additional proceeds of bonds issued by VCBA and the University will deliver to VCBA its promissory note (the "2005 Obligation") in the amount of such bonds; and

**WHEREAS**, the University expects to enter into an Amendment to the Agreement (the "Amendment") with respect to the Project obligating the Foundation, among other things, to pay all debt service on the 2005 Obligation allocable to the Project; and

**WHEREAS**, the plans for the Project have been presented to a prior meeting of the Board of Visitors (the "Board") of the University and the expected contents of the Amendment have been presented to this meeting of the Board.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF VISITORS OF VIRGINIA COMMONWEALTH UNIVERSITY:**

1. The Board hereby approves the Project and authorizes the Senior Vice President for Finance and Administration to approve the terms and conditions of the Amendment and any other agreement with the Foundation in relation to the Project and the 2005 Obligation. The officers of the University are authorized and directed to execute and deliver the Amendment and such other agreements with the Foundation.
2. The appropriate officers and employees of the University, as authorized by the Senior Vice President for Finance and Administration, any of whom may act, are hereby authorized to take all such actions as may be necessary or desirable in connection with the development, construction, equipping and financing of the Project. The appropriate officers of the University, as authorized by the Senior Vice President for Finance and Administration, are hereby authorized and directed to approve, execute and deliver all certificates, documents, contracts, agreements and other instruments, as they may consider necessary or desirable in connection with the Project.
3. All other acts of the officers of the University that are in conformity with the purposes and intent of this Resolution and in furtherance of the Project are hereby approved, ratified and confirmed.
4. In the absence of the Senior Vice President for Finance and Administration, the President, the Vice President for Finance, or the Associate Vice President for Business Services and Treasurer of the University may exercise all powers delegated by this Resolution to the Senior Vice President for Finance and Administration.
5. This Resolution shall be effective immediately.

The Lease for 6-8 North Harrison Street was presented. The lease is for 3,000 usable square feet of office space and 350 square feet of basement space. VCU's School of Education currently occupies space in the south wing of Oliver Hall, located at 1015 West Main Street. The School of Education is growing and will hire additional faculty that will occupy space in Oliver Hall. In order to meet the space demands, several research grant programs (the Center for School Community Collaboration, Professional Opportunities for Developing Excellent Teachers, Metropolitan Educational Training Alliance, Problem Behavior Research Institute, and two programs through the Rehabilitation Research and Training Center) must be relocated to leased space. The rent for the initial three-year term is anticipated to be \$108,000 plus \$7,110 for expenses (janitorial, with the first year of that term being \$36,000). The tenant pays janitorial costs. The owner pays utilities, repairs/maintenance, pest control, real estate taxes, and insurance. The Finance, Investment and Property Committee recommended to the full Board the approval of the lease for 6-8 North Harrison Street.

The Lease at 730 East Broad Street was presented. The lease is for 11,489 square feet of office space on the fourth floor of 730 East Broad Street (Theatre Row) to be used by Virginia Commonwealth University's (VCU) Grants and Contracts Accounting Department and the School of Social Work's Head Start program. The proposed lease term is from August 15, 2005, to October 14, 2010, with annual three percent escalation and two five-year renewal options. The proposed rental rate is estimated to be \$166,591 during the first year of the initial term of the lease. The Finance, Investment and Property Committee recommended to the full Board the approval of the lease at 730 East Broad Street with Mr. Brian Jackson abstaining.

The Lease at 2219 Chamberlayne Parkway was presented. The lease is for 22,000 square feet of shop and warehouse space on 1.9 acres of land with open yard space to be used for VCU's Physical Plant Shops. The proposed term of the lease is from August 1, 2005, to July 31, 2012, with annual three percent escalation and two five-year renewal options. The estimated rent is \$99,000 during the first year of the initial term of the lease. The Finance, Investment and Property Committee recommended to the full Board the approval of the Lease at 2219 Chamberlayne Parkway.

The Cooperative Agreement for the Raymond Lee Gordon, Jr. Research Pier Facility was presented. The Cooperative Agreement between Virginia Commonwealth University (VCU) and the Virginia Department of Game and Inland Fisheries (VDGIF) is for the construction of a research pier facility on the James River in Charles City County, Virginia. VCU currently owns 343.7 acres of land on the north bank of the James River located in Charles City County. The VDGIF and VCU will enter into a joint venture to construct a T-shaped pier together with two boathouses and a floating research platform. The projected cost to build the pier is \$850,000, of which the VDGIF will contribute \$225,000 as a lump sum payment. VCU and the VDGIF will be co-owners of the pier facility, and each will wholly own and be solely responsible for their designated boathouses. Both parties will be jointly responsible for maintenance and repair of the associated common areas based on proportionate share of the cost as determined by their initial investment (VCU for 73.53% and VDGIF for 26.47%). The Finance, Investment and Property Committee recommended to the full Board the approval of the Cooperative Agreement for the Raymond Lee Gordon, Jr. Research Pier Facility.

The Resolution for the Virginia College Building Authority for the Massey Cancer Addition, 8th Street Parking Deck, Hunton and Sanger Hall Renovations Projects was presented. The Finance, Investment and Property Committee recommended to the full Board the approval of the following Resolution:

## **RESOLUTION**

### **Virginia College Building Authority**

#### **Massey Cancer Center Addition, 8th Street Parking Deck, Hunton and Sanger Hall Renovations Projects**

**WHEREAS**, pursuant to Chapter 3.2, Title 23 of the Code of Virginia of 1950, as amended (the "Act"), the General Assembly of Virginia has authorized the Virginia College Building Authority (the "Authority") to develop a pooled bond program (the "Program") to purchase bonds and other debt instruments issued by public institutions of higher education in the Commonwealth of Virginia (the "Institutions") to finance or refinance the construction of projects of capital improvement specifically included in a bill passed by a majority of those elected to each house of the General Assembly of Virginia (the "Projects");

**WHEREAS**, the Authority intends to issue from time to time under the Program its Educational Facilities Revenue Bonds (Public Higher Education Financing Program) (the "Bonds") to finance the purchase of bonds and other debt instruments issued by the Institutions to finance or refinance the Projects, all in the furtherance of the purposes of the Act and the Program;

**WHEREAS**, the Board of Visitors of Virginia Commonwealth University (the "Board") may from time to time wish to finance or refinance Projects of Virginia Commonwealth University (the "Institution") through the Program;

**WHEREAS**, if the Institution wishes to finance or refinance a Project through the Program, it will be necessary for the Institution to enter into a Loan Agreement (a "Loan Agreement") between the Authority and the Institution and to evidence the loan to be made by the Authority to the Institution pursuant to the Loan Agreement by issuing the Institution's promissory note (the "Note") pursuant to Section 23-19 of the Code of Virginia of 1950, as amended, and pursuant to the Loan Agreement, the Authority will agree to issue its Bonds and to use certain proceeds of the Bonds to purchase the Note issued by the Institution, and the Institution will agree to use the proceeds received from the Authority to finance or refinance the construction of the Project and to make payments under the Loan Agreement and the Note in sums sufficient to pay, together with certain administrative and arbitrage rebate payments, the principal of premium, if any, and interest due on that portion of the Bonds issued to purchase the Note;

**WHEREAS**, the Institution now proposes to sell to the Authority the Institution's Note (the "2005A Note") to be issued under a Loan Agreement (the "2005A Loan Agreement") to finance or refinance from all or a portion of the proceeds of certain Bonds issued by the Authority in 2005 (the "2005A Bonds") a portion of the costs of construction and/or improvements of the Massey Cancer Center project, the 8th Street Parking Deck project, the Hunton Hall renovations project and the Sanger Hall renovations project (collectively, the "2005A Project"), each of which has been authorized for bond financing by the General Assembly;

**WHEREAS**, the Institution has or may receive authorization for temporary financing through Treasury loans from the Commonwealth's Department of Treasury for each of the 2005A Projects, which loans, if drawn upon, will be fully repaid with a portion of the Institution's share of the proceeds of the 2005A Bonds; and

**WHEREAS**, it is the desire of the Board to delegate to such Authorized Officers (as hereinafter defined) of the Institution the authority to approve, on behalf of the Board, the forms of the 2005A Loan Agreement and the 2005A Note and, similarly, to authorize such Authorized Officers of the Institution to execute, deliver and issue in the name of and on behalf of the Institution, the 2005A Loan Agreement, the 2005A Note and any and all documents necessary or desirable to effectuate the financing or refinancing of all or a portion of the costs of the 2005A Project through the Program with the Authority and to facilitate the purchase of the 2005A Note by the Authority.

#### **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE INSTITUTION:**

**Section 1.** The 2005A Project is hereby designated a Project to be undertaken and financed or refinanced by the Authority and, accordingly, the President, the Senior Vice President for Finance and Administration, the Vice President for Finance, and the Associate Vice President for Business Services and Treasurer of the Institution (collectively, the "Authorized Officers"), are each hereby delegated and invested with full power and authority to approve the forms of the 2005A Loan Agreement and 2005A Note, and any pledge to the payment of the 2005A Note of the Institution's total gross university sponsored overhead, unrestricted endowment income, tuition and fees, indirect cost recoveries, auxiliary enterprise revenues, general and nongeneral fund appropriations and other revenues not required by law or by previous binding contract to be devoted to some other purpose, as may be provided in the 2005A Loan Agreement, and such approval is hereby authorized, subject to the provisions of Section 3 hereof.

**Section 2.** Subject to the provisions of Section 3 hereof, the Authorized Officers are each hereby individually delegated and invested with full power and authority to execute, deliver and issue, on behalf of the Board, (a) the 2005A Loan Agreement and the 2005A Note with the approval of such documents in accordance with Section 1 hereof by any such officer evidenced conclusively by the execution and delivery of the 2005A Loan Agreement and 2005A Note, respectively, and (b) any and all other documents, instruments or certificates as may be deemed necessary or desirable to consummate the financing or refinancing of all or a portion of the costs of the 2005A Project through the Program, the construction of the 2005A Project and the Institution's participation in the Program, and to further carry out the purposes and intent of this Resolution. The Authorized Officers are directed to take such steps and deliver such certificates prior to

the delivery of the 2005A Note as may be required under existing obligations of the Institution, including bond resolutions relating to the Institution's outstanding general revenue pledge bonds.

**Section 3.** The authorizations given above as to the approval, execution, delivery and issuance of the 2005A Loan Agreement and the 2005A Note are subject to the following parameters: (a) the principal amount to be paid under the 2005A Note allocable to each Project constituting part of the 2005A Project, together with the principal amount of any other indebtedness with respect to such Project (excluding indebtedness refinanced with proceeds of the 2005A Bonds), shall not be greater than the amount authorized for such Project by the General Assembly of Virginia, as the same may be adjusted as required or permitted by law; (b) the aggregate principal amount of the 2005A Note shall in no event exceed \$27,100,000; (c) the interest rate payable under the 2005A Note shall not exceed a "true" or "Canadian" interest cost more than 50 basis points higher than the interest rate for "AA" rated securities with comparable maturities, as reported by Delphis-Hanover, or another comparable service or index, on the date that the interest rates on the 2005A Note are determined, taking into account original issue discount or premium, if any; (d) the weighted average maturity of the principal payments due under the 2005A Note shall not be in excess of 20 years; (e) the last principal payment date under the 2005A Note shall not extend beyond the period of the reasonably expected economic life of the 2005A Project; and (f) subject to the foregoing, the actual amount, interest rates, maturities, and date of the 2005A Note shall be approved by an Authorized Officer, which approval will be evidenced by the execution of the 2005A Note.

**Section 4.** The Board acknowledges, on behalf of the Institution, that if the Institution fails to make any payments of debt service due under any Loan Agreement or Note, including the 2005A Loan Agreement and the 2005A Note, the Program authorizes the State Comptroller to charge against the appropriations available to the Institution all future payments of debt service on that Loan Agreement and Note when due and payable and to make such payments to the Authority or its designee, so as to ensure that no future default will occur on such Loan Agreement or Note.

**Section 5.** The Board agrees that if the Authority determines that the Institution is an "obligated person" under Rule 15c2-12 of the Securities and Exchange Commission with respect to any issue of Bonds, the Institution will enter into a continuing disclosure undertaking in form and substance reasonably satisfactory to the Authority and the Institution and will comply with the provisions and disclosure obligations contained therein.

**Section 6.** This resolution shall take effect immediately upon its adoption.

The Easement for 1200 East Clay Street was presented. The steam and condensate lines and conduit and fiber optic cables are installed on the Richmond Academy of Medicine site at 1200 East Clay Street. The lines service the MCV Campus and the Richmond Academy of Medicine. The conduit and cables service the MCV Campus. Virginia Commonwealth University owns the steam and condensate lines and conduit and fiber optic cables, which requires granting easements so that VCU has access to the lines, conduits, and cables for maintenance, repair, and replacement purposes. The Finance, Investment and Property Committee recommended to the full Board the Easement at 1200 East Clay Street.

The following items were presented for information: 2006-2012 Financial Plans – Update on SCHEV Guidance and Debt and Risk Management Guidelines. Other information items included in the Committee book were not reviewed due to time constraints. The items are: Virginia Commonwealth University Health System Financial Statement Summary Fiscal Year 2005 – 11 Months Ending May 31, 2005, University Quarterly Budget Performance Report: June 30, 2005, Virginia Biotechnology Research Park Authority Summary of Actual and Planned Occupancy, Intergovernmental Relationship Agreements with Greater Richmond Transit Company, Project Plans for Sanger Hall Stair Pressurization, West Hospital Physical Therapy Renovations, Notification of Contract Awards for Sanger Hall Emergency Power Distribution, Hibbs Building Renovation – Construction Manager at Risk, Hunton Hall Renovation – Construction Manager at Risk, and 8th Street Parking Deck – Construction Manager at Risk; and 2006-08 Biennium Capital Plan – Detailed Submissions and the Capital Projects Status Report.

Mr. Thompson reported for the Student Affairs Committee. The following items were presented for information. The Report of the Director of Athletics and the Rules and Procedures Annual Report. The Student Affairs Committee joined the meeting of the Finance, Investment and Property Committee to participate in a presentation by Dr. Daniel J. LaVista, Executive Director of the State Council of Higher Education for Virginia. Additionally, the following items were presented for information: the Department of Business Services report on Dining Services, an Honor System Annual Report and an update on STAR and WELCOME Week and the Enrollment Reports for Summer Studies Enrollment and Fall Enrollment.

On motion made and seconded, the Board approved the following Consent Agenda Action Items:

#### **Board of Visitors**

- Minutes of a Meeting held May 20, 2005
- Minutes of a Joint Meeting of the Board of Visitors and the VCU Health System Board of Directors held May 19, 2005

## **Academic and Health Affairs Policy Committee**

- Minutes of a Meeting held May 19, 2005

## **Audit Committee**

- Minutes of a Meeting held May 20, 2005
- Audit and Management Services Charter

## **Executive Committee**

- Minutes of a Meeting held May 19, 2005
- Minutes of a Meeting held June 13, 2005
- Minutes of a Meeting held August 1, 2005

## **External Relations**

- Minutes of a Meeting held May 19, 2005

## **Finance, Investment and Property Committee**

- Minutes of a Meeting held May 19, 2005
- 2006-08 State Budget Request
- Architect Selection for the Medical Sciences Building II
- Architect Selection for the Sanger Hall Laboratory Renovations: Project 3 – Third Floor Laboratory Renovation
- Term Contract – Vivarium Design and Renovation Project Plans for the School of Business and the School of Engineering
- Fiscal Requirements for Schools of Business and Engineering
- Resolution: Development and Financing Agreements Authorizing Agreement with VCU School of Engineering and School of Business Foundations Amended Authorizing Agreement with Medical College of Virginia Foundation
- Lease for 6-8 North Harrison Street
- Lease for 2219 Chamberlayne Parkway
- Cooperative Agreement: Raymond Lee Gordon, Jr. Research Pier Facility
- Resolution: Virginia College Building Authority
- Easement for 1200 East Clay Street

## **Student Affairs Committee**

- Minutes of a Meeting held May 19, 2005

On motion made and seconded, the Lease for 730 East Broad Street was approved with Mr. Brian Jackson abstaining.

Dr. Bersoff reported for the Nominating Committee for Officers and Executive Committee. The members of the Committee are: Drs. Bersoff (Chair), Doswell, and Romano; and Mr. Jackson. On motion made and seconded, the following slate of officers and Executive Committee were approved:

- The Honorable Ralph L. "Bill" Axselle, Vice Rector
- The Honorable Anne J. G. Rhodes – Secretary
- Mr. John Sherman, Jr. – Member-at-Large
- Mr. Phillip Thompson, Sr. – Member-at-Large

Dr. Bersoff appointed the following members of the Board to serve on the Presidential Evaluation Committee: Dr. Bersoff (Chair); Messrs. Axselle, Sherman and Thompson; and Mrs. Rhodes.

Dr. Doswell presented the University Code of Ethics. The Code project was initiated through VCU's Financial, Operational and Administrative Practices Framework, with strong support from the President and Provost. The Code of Ethics formally communicates to the faculty and staff the University's core values and principles, as well as VCU's expectations for ethical conduct. The Audit Committee recommended to the full Board the approval of the University Code of Ethics. On motion made and seconded, the Board approved the University Code of Ethics.

On motion made and seconded, the Board accepted the Consent Agenda Information items.

On motion made and seconded, the Board convened into closed session to discuss certain personnel matters and matters relating to the appointment, promotion, performance and salaries of identifiable employees and faculty of VCU, including Faculty Appointments and Changes in Status and other Personnel Actions, and to discuss the evaluation of performance of departments or schools of VCU where such evaluations necessarily involve discussion of the performance of specific individuals, including Audit Reports of individually identified departments and/or schools; and to consult with

legal counsel and receive briefings from staff members regarding certain legal matters and actual or probable litigation relating to the aforementioned Audit Reports, where such consultation or briefings in open session would adversely affect the negotiating or litigating position of VCU; to discuss the acquisition or use of real property for public purpose, or of the disposition of publicly held real property, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of VCU, including the approval of the acquisition of property on or adjacent to the Monroe Park Campus and the approval of the acquisition of property on or adjacent to the Monroe Park Campus Addition; and to consult with legal counsel pertaining to actual and probable litigation, and other specific legal matters requiring the provision of legal advice or counsel, where such consultation or briefing in open session would adversely affect the negotiating or litigating posture of VCU, including the Report of the General Counsel; and to discuss matters relating to gifts, bequests, and fund-raising activities, including consideration of the Named Funds Report and Facility Naming Recommendations and an update on the development activities, as authorized by Section 2.2-3711 A(1), A(3), A(7) and A(8) of the Virginia Freedom of Information Act.

Following closed session, on motion made and seconded, the following resolution was approved by roll call vote:

Virginia Commonwealth University hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed session meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed session meeting were heard, discussed or considered by the Board of Visitors of Virginia Commonwealth University.

<b>Roll Call Vote</b>	<b>Ayes</b>	<b>Nays</b>
Dr. Edward H. Bersoff, Rector	X	
Mr. Ralph L. "Bill" Axselle, Jr.	X	
Mr. David G. Baldacci	Absent	
Dr. J. Alfred Broaddus, Jr.	X	
Dr. John C. Doswell II	X	
Mr. Brian K. Jackson	X	
Ms. Lillian L. Lambert	Absent	
Mrs. Anne J. G. "Panny" Rhodes	X	
Mr. Richard T. Robertson	X	
Dr. Michele A. Romano	X	
Mr. Thomas G. Rosenthal	Absent	
Dr. Carol S. Shapiro	X	
Mr. John Sherman, Jr.	X	
Mr. Stuart C. Siegel	X	
Mr. Thomas G. Snead, Jr.	X	
Mr. Philip Thompson, Sr.	X	

**Total votes**

Ayes: 13

Nays: 0

ABSENT DURING MEETING: 3

ABSENT DURING VOTING: 3

On motion made and seconded, the Board approved the Faculty Appointments and Changes in Status and other Personnel Actions as amended; accepted the Report of the President; approved the Named Funds Report and Facility Naming Recommendations; approved the Acquisition of Property Adjacent to the Monroe Park Campus; approved the acquisition of property on or adjacent to the Monroe Park Campus Addition; accepted the Closed Session Committee Reports; and accepted the Report of the General Counsel.

The meeting was adjourned at 12:35 p.m.