

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 24, 2006 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 24, 2006, at 9 a.m. in the Richmond Salons located in the University Student Commons at 907 Floyd Avenue. Present were Drs. Bersoff, Doswell, Romano and Shapiro; Messrs. Axselle, Broadus, Hurtado, Jackson, Robertson, Rosenthal, Sherman, Siegel and Snead; and Mesdames Lambert and Rhodes. Mr. Baldacci was absent. Also present were Drs. Trani, Gottfredson, Huff, Macrina, Retchin and Rhone; Messrs. Bennett, Bunce, Gehring, Ohlinger, Ross and Wyeth; and Mesdames Atkinson, Balmer, Chinnici, Lepley and Messmer. Philip Yeager, student representative to the Board, Ashley Bacon-Ward, alternate student representative to the Board, and Kathryn Murphy-Judy, faculty representative to the Board, were also present.

Dr. Bersoff called the meeting to order and welcomed members of the press.

The President's Report was presented. Dr. Trani welcomed Mr. Hurtado, as well as Phil Yeager, Ashley Bacon-Ward and Kathryn Murphy-Judy. An update on Enrollment, a summary of International Partnerships and a discussion on the news release entitled "Saviors of our Cities" were presented.

Mr. Rosenthal reported for the Academic and Health Affairs Policy Committee. The following items were presented for information: a Report on the School of Nursing, a Follow-up on Student Grade Integrity – Verification of Grades, a Report on the Virginia Commonwealth University Health System Financial Statement Fiscal Year 2006 – Eleven Months Ending May 31, 2006, a Report on Student Outcomes Assessment – Online Programs, Pre-Degree/Post Degree, a Report on Degrees Awarded and the Report of the Provost and Vice President for Academic Affairs.

Dr. Doswell reported for the Audit Committee. The Audit and Management Services Charter was presented. The Committee reviews the Department's Audit and Management Services Charter annually to ensure the Charter remains responsive to professional standards and the needs of the University. A proposed revision reflects the Department's responsibility for developing and administering the Board Survey Process. On motion made and seconded, the Audit Committee recommended to the full Board the approval of the Audit and Management Services Charter.

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 Report.

Mrs. Rhodes reported for the Finance, Investment and Property Committee. The VCBA Debt Resolution was presented. To participate in the Virginia College Building Authority (VCBA) Pooled Bond program, the Board of Visitors must adopt a resolution requesting VCBA to issue bonds to finance projects for VCU. The construction projects are the Monroe Park Campus Addition Parking Deck and Residential College, the Massey Cancer Center Addition, the School of Nursing, and the Department of Game and Inland Fisheries Region I Headquarters at the Rice Center. The Finance, Investment and Property Committee recommended to the full Board the approval of the following Resolution:

RESOLUTION

Virginia College Building Authority

Monroe Park Campus Addition Parking and Residential College, Massey Cancer Center Addition, School of Nursing, and Department of Game and Inland Fisheries Region I Headquarters at the Rice Center Construction 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 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 "2006A Note") to be issued under a Loan Agreement (the "2006A Loan Agreement") to finance or refinance from all or a portion of the proceeds of certain Bonds issued by the Authority in 2006 (the "2006A Bonds") a portion of the costs of construction and/or improvements of the Monroe Park Campus Addition Parking and Residential College, Massey Cancer Center Addition, School of Nursing, and Department of Game and Inland Fisheries Region I Headquarters at the Rice Center construction projects (collectively, the "2006A Project"), each of which has been authorized for bond financing by the General Assembly; 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 2006A Loan Agreement and the 2006A 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 2006A Loan Agreement, the 2006A 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 2006A Project through the Program with the Authority and to facilitate the purchase of the 2006A Note by the Authority.

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

Section 1. The 2006A 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, 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 2006A Loan Agreement and 2006A Note, and any pledge to the payment of the 2006A 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, restricted by a gift instrument for another purpose or excluded from such pledge as provided in the 2006A 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 2006A Loan Agreement and the 2006A 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 2006A Loan Agreement and 2006A 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 2006A Project through the Program, the construction of the 2006A 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 2006A 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 2006A Loan Agreement and the 2006A Note are subject to the following parameters: (a) the principal amount to be paid under the 2006A Note allocable to each Project constituting part of the 2006A Project, together with the principal amount of any other indebtedness with respect to such Project, 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 2006A Note shall in no event exceed \$38,900,000, as the same may be so adjusted, (c) the interest rate payable under the 2006A 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 2006A 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 2006A Note shall not be in excess of 20 years, (e) the last principal payment date under the 2006A Note shall not extend beyond the period of the reasonably expected average weighted economic life of the 2006A Project, and (f) subject to the foregoing, the actual amount, interest rates, maturities, and date of the 2006A Note shall be approved by an Authorized Officer, which approval will be evidenced by the execution of the 2006A 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 2006A Loan Agreement and the 2006A 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 Transfer from the Mary Anne Reynolds Chamber Concerts Quasi-Endowment Fund was presented. The Mary Anne Reynolds Chamber Concerts Quasi-Endowment was established in 1993 and funded from annual gifts and surpluses from the Arts-Music Terrace concerts operating account. The balance at May 31, 2006, was \$177,085. The School of the Arts has requested a transfer of \$87,595 to the operating account to fund an operating deficit in the Mary Anne Reynolds Concert Series account. The Finance, Investment and Property Committee recommended to the full Board the approval of the transfer from the Mary Anne Reynolds Chamber Concerts Quasi-Endowment Fund.

The Lease at 103 South Jefferson Street was presented. The lease is for 25,770 square feet of space from the VCU Real Estate Foundation to house the VCU Adcenter. The proposed lease term is from August 1, 2007, to July 31, 2017, plus two 5-year renewal options. The rent for the initial 10-year term is \$4,901,087, with the first year of the term being \$427,524. The rent will escalate 3 percent annually. The lease will enable the Adcenter to relocate to the Monroe Park Campus Addition and will offer the opportunity for the VCU Real Estate Foundation to rehabilitate and utilize this historic building. The Finance, Investment and Property Committee recommended to the full Board the approval of the lease at 103 South Jefferson Street.

The Lease at 10 South 6th Street, as amended for terms and rental rates, was presented. The lease is for approximately 10,224 square feet of office space to be used for VCU's Office of Procurement and Payment. The lease term is from October 9, 2006, to October 8, 2011, with two 5-year renewal options. The first year of the initial terms lease is anticipated to be \$153,667. The remaining four years of the initial term shall increase by one-half of the change in the Consumer Price Index. The Finance, Investment and Property Committee recommended to the full Board the approval of the Lease at 10 South 6th Street as amended.

The Project Plans for the Monroe Park Campus Addition Parking Deck and Residential College were presented. The project will be a mixed-use facility which adds a four-story, 685-space parking deck and a 400-bed housing and residential college complex to the Monroe Park Campus Addition. The housing component includes apartment style, 2-bedroom and 4-bedroom units, plus two, 3-bedroom faculty apartments. Also included will be an 11,400 GSF residential college building with a small library, study rooms, seminar rooms, and faculty offices. The ground floor of the housing building will consist of 20,000 GSF of food service facilities, including a restaurant, a small coffee shop, and a convenience market. The construction budget is \$45,076,600, with a total budget of \$54,142,000. The Finance, Investment and Property Committee recommended to the full Board the approval of the Project Plans for the Monroe Park Campus Addition Parking Deck and Residential College.

The Project Plans for the Medical Sciences Building II were presented. The project will construct a 125,000 GSF Research Facility to include research laboratories, a vivarium, a 75-seat auditorium, and multi-purpose seminar space. The eight-story building will connect floor by floor to the adjacent Hermes A. Kontos Medical Sciences Building. The state-of-the-art research laboratories will support 48 principal investigators, in accordance with the University's strategic initiative to expand the research program. The construction budget is \$44,500,000, with a total budget of \$56,700,000. The Finance, Investment and Property Committee recommended to the full Board the approval of the Project Plans for the Medical Sciences Building II.

The Architect Engineer Selection for the School of Dentistry Addition was presented. Following the final approval of the 2006-08 Biennium Budget, on July 23, 2006, VCU advertised the Request for Proposals (RFP) for architect services for the School of Dentistry's \$11,750,000 addition. Proposals were due August 23, 2006, with the subsequent short listing and selection by September 15, 2006. Without a meeting to approve the Architect Engineer Selection for the School of Dentistry Addition prior to the November 2006 Board meeting, design will be delayed for two months. The Finance,

Investment and Property Committee recommended to the full Board that a meeting of the Executive Committee be held prior to the November Board meeting to consider the School of Dentistry Architect Engineer recommendation.

The following items were presented for information: Virginia Commonwealth University Health System Financial Statement Summary Fiscal Year 2006 – Eleven Months Ending May 31, 2006; a 2006-07 Budget Update; the University Quarterly Budget Performance Report: June 30, 2006; an ARIES Update; Project Plans for the VCU Adcenter and Cabell Library Fourth Floor Renovations; Notification of Contract Awards for the VCU School of Dentistry Dental Simulation Laboratory and a Contract Award Change: Access Control Integration and Maintenance; Notification of Intergovernmental Relationship Agreements with Greater Richmond Transit Company; the Virginia Biotechnology Research Park Authority Summary of Actual and Planned Occupancy; and the Capital Projects Status Report.

Dr. Romano reported for the Student Affairs Committee. The following items were presented for information: an Enrollment Report, Rules and Procedures Annual Report, Honor System Annual Report, a report on Welcome Week, a Report on Residence Hall Move-In Festival, and Office of Multicultural Student Affairs, an Intercollegiate Athletic Council Report, a Student Athlete Advising Report and a Safety Update.

On motion made and seconded, the following Consent Agenda Action Items were approved as amended:

Board of Visitors

- Minutes of a Meeting held May 19, 2006
- Minutes of a Joint Meeting of the Board of Visitors and the VCU Health System Board of Directors held May 18, 2006
- Revisions to Board of Visitors Bylaws

Academic and Health Affairs Policy Committee

- Minutes of a Meeting held May 18, 2006

Audit Committee

- Minutes of a Meeting held May 19, 2006
- Audit and Management Services Charter

Executive Committee

- Minutes of a Meeting held July 17, 2006

External Relations

- Minutes of a Meeting held May 18, 2006

Finance, Investment and Property Committee

- Minutes of a Meeting held May 18, 2006
- VCBA Debt Resolution
- Transfer from Mary Anne Reynolds Chamber Concert Quasi-Endowment Fund
- Lease for 103 South Jefferson Street
- Lease for 10 South 6th Street (as amended)
- Project Plans for Monroe Park Campus Addition Parking Deck and Residential College
- Project Plans for the Medical Sciences Building II

Student Affairs Committee

- Minutes of a Meeting held May 18, 2006

On motion made and seconded, the Consent Agenda Information Items were accepted.

Dr. Bersoff reported for the Nominating Committee for Officers and Executive Committee. The members of the Committee are: Drs. Bersoff (Chair), Messrs. Sherman and Siegel; and Dr. Shapiro. 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
- Mrs. Lillian L. Lambert – Member-at-Large
- Dr. Michele A. Romano – Member-at-Large
- Mr. Thomas G. Rosenthal – Member-at-Large
- Mr. John Sherman, Jr. – Member-at-Large

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

Dr. Bersoff appointed the following members of the Board of Visitors to serve on the VCU Health System Board of Directors: Michele Romano to succeed herself for a three-year term effective July 1, 2006; Thomas Rosenthal to succeed himself for a three-year term effective July 1, 2006; and Thomas Snead to succeed Phil Thompson for a one-year term effective July 1, 2006.

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 concurrence with the acquisition of property on or adjacent to the Monroe Park Campus; 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; 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.

Roll Call Vote	Ayes	Nays
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. Arthur D. Hurtado	X	
Mr. Brian K. Jackson	X	
Ms. Lillian L. Lambert	X	
Mrs. Anne J. G. "Panny" Rhodes	X	
Mr. Richard T. Robertson	X	
Dr. Michele A. Romano	X	
Mr. Thomas G. Rosenthal	X	
Dr. Carol S. Shapiro	X	
Mr. John Sherman, Jr.	X	
Mr. Stuart C. Siegel	X	
Mr. Thomas G. Snead, Jr.	X	

Total votes

Ayes: 15

Nays: 0

ABSENT DURING MEETING: 1

ABSENT DURING VOTING: 1

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

The meeting was adjourned at 12:05 p.m.