

FINAL - APPROVED BY EXECUTIVE COMMITTEE 8/12/02

OLD DOMINION UNIVERSITY

**Board of Visitors Executive Committee Meeting
Monday, March 18, 2002**

MINUTES

The Executive Committee of the Board of Visitors met on Monday, March 18, 2002, at 3:00 p.m. in the Elizabeth River Room of Webb University Center on the Norfolk campus. Present from the Executive Committee were:

Walter D. Kelley, Jr., Rector
Elizabeth W. Atkinson
Henry P. Bouffard
Beverly B. Graeber

Absent from the Executive Committee were:

Mary C. Haddad
Patricia M. Woolsey

Also present from the Board of Visitors were:

J. Jack W. Hilgers
Anthony C. Paige
William E. Russell

Also present were:

Roseann Runte, President
Julie Adie
Dana Burnett
Terry Durkin
Robert Fenning
David Hager

James Lidington
Donald Runyon
Karen Travis
Philip Walzer (*The Virginian Pilot*)
Rita Woltz

CALL TO ORDER AND APPROVAL OF MINUTES

The Rector called the meeting to order at 3:10 p.m. and asked for approval of the minutes of the Executive Committee meeting held on February 18, 2002. Upon a motion made by Ms. Graeber and properly seconded, the minutes were unanimously approved as distributed. (*Atkinson, Bouffard, Graeber, Hilgers, Hilgers, Paige, Russell*)

RECTOR'S REPORT

The Rector reported on the recent visit by the SACs Reaccreditation Team and commended the University for the successful report it received from the visiting team, particularly the two commendations bestowed. He congratulated Acting Provost Hager and Acting Associate Provost John Broderick for their leadership in this process. The NCAA accreditation visitation also took place at the same time and led to a successful review report.

Mr. Kelley reported on Old Dominion University's success in the recent General Assembly session. President Runte successfully persuaded the General Assembly to distribute weighted budget cuts to historically underfunded institutions rather than across-the-board cuts. As a result, Old Dominion University's cuts were much less than its sister institutions. Ms. Graeber added that President Runte has logged over 13,000 miles on her car while visiting legislators across the state. President Runte commented that Old Dominion University's success was due also in large part to the efforts of Vice President Broderick, Elizabeth Wallace and the students and alumni who pulled together to demonstrate their support for Old Dominion University.

PRESIDENT'S REPORT

The Rector called on President Runte for her report. President Runte complimented Clovia Hamilton, a copyright attorney in the Office of Research and Graduate Studies, on the intellectual property brochure she created listing the University-owned intellectual property that can be marketed by the institution. Her brochure was praised by the professional organization to which she belongs.

President Runte also complimented Rosemary Liu on her designation as a USA Scholar by *U.S. News and World Report*, and Professor Janet Peery on her receipt of the SCHEV teaching award.

The University has received two major gifts during this initial silent phase of the capital campaign. The first is a \$1M gift from Tim Miller who proposes to name one of the residences in the University Village "The Tim Miller Residence for Honors College and International Students." The second is a Chair in Astrophysics, which has been funded by a lead gift from Bill Butler of Sun Trust and several other donors. This \$2M Chair will be matched by another \$2M gift from NASA, enabling the institution to hire two individuals for these chairs. This gift should help in the University's efforts to win the NASA grant.

President Runte announced that the grand opening ceremony for the newly renovated Constant Hall is scheduled for 10:00 a.m. on May 21st. The University will also be hosting the presidents of the community colleges on May 24th as a way of thanking them for their support of TELETECHNET during the General Assembly.

The searches for the two dean candidates continue. In addition, while a number of faculty have received offers from other institutions, most have agreed to stay at Old Dominion University.

Finally, President Runte indicated that she will be meeting with representatives from *U.S. News & World Report* to discuss their ranking of institutions of higher education and to offer some other criteria for consideration, such as international education. She asked the Committee to share ideas that they might have for her to discuss at this meeting.

BUDGET BRIEFING

The Rector introduced Vice President Fenning, who briefed the Board on the current budget. Mr. Fenning reviewed the University's current budget of approximately \$141M and the results of the Conference Committee Report. The proposed general fund reduction for FY03 totals \$6.2M, or 7.3% of the general fund budget, and \$8.7M in FY04. The \$6.2M reduction includes a restoration of \$325,000 per year for TELETECHNET granted by the General Assembly to keep all TELETECHNET sites open. The Equipment Trust Fund will be cut by \$557,000 and 50% of the maintenance reserve will also be cut. The cuts will result in a reduction of the total budget from \$141M to \$133.3M.

The Conference Committee report includes a provision for increased tuition and fees to offset the cuts. These include 5% increases for in-state undergraduates in FY03 and FY04, and 8% and 7%, in FY03 and FY04 respectively, in all other categories. Language was also included that capped tuition increases for in-state undergraduates at 9%. Assuming these tuition increases, cuts will total \$4.4M.

Mr. Fenning commented that the budget reductions were based upon the base adequacy model. This model compared current funding for each institution versus what would be received if base adequacy was fully funded, which resulted in significant disparity among institutions. Old Dominion's current funding is approximately 88% of what the model indicates its funding level ought to be. By comparison, George Mason is at 91%, Virginia Tech is at 95% and UVA is at 96%. The leadership on both the House and Senate agreed that if base adequacy drives decisions about adding funds, then when funds are cut, it is appropriate to recognize the disparity among institutions and have disproportionate cuts. For Old Dominion University, that resulted in a 7.3% cut, which is relatively lower than the 10% cut which was originally proposed by Governor Warner. The cuts for the other five doctoral institutions range from 10.5% to 15.8%, or an average of 12.55%. With each one percent cut totaling \$850,000 for Old Dominion University, that difference is significant.

Another significant result of the Conference Committee report is that the institutions can use the revenue from tuition increases to offset budget reductions, rather than sending those tuition dollars to Richmond, as had been originally proposed by Governor Gilmore.

The Conference Committee also made provisions for compensation for faculty and staff. In FY03 this takes the form of a 2.5% one-time bonus, with differences in how this is accomplished for classified employees and faculty. Classified employees have the option of a bonus payment or two weeks of paid vacation, or a combination of the two. The institutions are now waiting for specific directions from Richmond to implement these compensation programs.

Other recommendations of the Conference Committee include the Equipment Trust Fund, maintenance reserve and student financial aid. Student financial aid increases range from \$234,000 in FY03 to up to \$483,000 in FY04. Additionally, the language delays payment of fourth-quarter interest earnings on auxiliary fund balances until the first quarter of the following fiscal year and permits the Governor to decide whether the financial situation of the Commonwealth is such that payment is retained by the Commonwealth.

The impact of the early retirement incentive program and part-time employment contracts is still being determined by the administration. Contracts have been issued to those individuals who have opted for the early retirement incentive program, and those faculty members have several weeks in which to execute those contracts. Several lease and facility relocation issues will also affect budget planning for next year. In addition, the administration is reviewing reorganization options that could potentially impact the budget.

Vice President Fenning indicated that the administration will be recommending tuition and fee adjustments at its meeting in April that will help to offset budget reductions and allow the institution to focus on priorities for the coming year. The language in the Conference Committee report authorizes in-state undergraduate increases not to exceed 9% per year and also assumes market rate or higher for out-of-state undergraduates and graduates and in-state graduate students without adversely affecting access to higher education.

In response to a concern of Ms. Atkinson that we are outpricing out-of-state students, Vice President Fenning indicated that institutions are required by statute to charge out-of-state students at least the full cost of education. While Old Dominion University currently charges 115% of the full cost of education for out-of-state students, it is the least expensive of all the Virginia doctoral institutions for out-of-state students.

PRESENTATION ON PROPOSED STUDENT HOUSING DEVELOPMENT

Vice President Fenning indicated that the Committee received at its last meeting a presentation from Brailsford & Dunlavey on the demand and need for student housing. The purpose of the current presentation was to demonstrate how the University has used that information to develop proposals for student housing, particularly in the University Village. He then introduced Donald Runyon, Assistant Vice President for Auxiliary Services. Mr. Runyon reviewed the University's current housing options and the results of the market study performed by Brailsford & Dunlavey.

The market study results indicate that unmet demand and interest for new student housing rest with older students -- juniors, seniors and graduate students. Students surveyed indicated that their top priorities in choosing housing included a safe environment, reasonable costs, privacy, and a kitchen option with no meal plan. Demand is also greatest for apartment style housing.

Mr. Runyon reviewed current housing facilities and indicated that the Brailsford & Dunlavey study included a 10-year, phased-in, renovation and improvement plan for existing housing that totals approximately \$14M. Plans are currently underway to begin some of those renovations at Rogers

and Gresham Halls. One of the goals in renovating these facilities along 49th Street is to improve their “curb appeal.”

In response to a question from the Rector, Mr. Runyon indicated that housing fund balances would fund these renovations. He added that, through deliberate planning over the years in anticipation of the University Village and renovation of existing housing, these fund balances have grown considerably and currently total in excess of \$6.2M. Vice President Fenning explained that the financial plan submitted to the Department of the Treasury with the \$7.25 million non-general fund appropriation request illustrates the University’s intent to use a combination of fund balance and debt to make those renovations. Mr. Runyon added that debt service on some of the existing residence halls will expire over the next five years.

Julie Adie, Director of Real Estate Development, reviewed several studies that were done over the years that supported the need for additional student housing in the University Village. The results of these studies led the Real Estate Foundation to begin investigating the options for student housing development, recognizing the need for private development of student housing. The Foundation solicited proposals from private developers and interviewed four developers, two local and two national. A number of different models for student housing emerged through these discussions, and the Foundation discovered that while the bricks & mortar costs were relatively fixed across the board, land acquisition and financing costs varied depending upon the model chosen.

The Real Estate Foundation has retained Advantis Real Estate Services and an appraiser to assist in negotiating and purchasing the land necessary for the development of student housing. The Foundation is currently negotiating with the Bank of America for a \$5 million line of credit to begin land acquisition, and an aggressive acquisition and construction schedule has been developed by the Foundation.

The decision was made to have the Foundation serve as the owner of the property, with the University potentially serving as the managing agent. This will allow the Foundation to use its tax exempt status to avail itself of favorable means of financing. One such vehicle, currently used by VCU and CNU, is to have the Foundation act as owner and finance construction through a letter of credit issued by a major bank. This abbreviates the underwriting process and allows for lower financing costs and interest rates. The Real Estate Foundation is currently looking at this as an option.

In response to a question from the Rector, Ms. Adie commented that the private developer would develop the property under this model but would not have an ownership interest in the property. For a flat fee, the developer would market, build and assist in the initial lease of the property. She added that this model would allow for substantial financing cost savings that would be passed along to the student through lower rental rates.

Ms. Adie shared exterior and interior renderings of proposed student housing, commenting that the “main street” housing would have a more distinctive look and would include ground level retail shops. The feasibility study concluded that the development site would support 1,200 beds using a breakdown of 20% 2-bedroom, 2-baths, 80% 4-bedroom, 2-baths, with interior parking for 80%

of the students. Ms Adie indicated that plans are to open the first phase of the student housing by Fall, 2003.

In response to questions by Ms. Graeber, Ms. Adie indicated that the Foundation will begin land assembly in May for development of the shopping center. Vice President Fenning added that the McDonald's would be demolished in the summer and rebuilt for reopening in September.

The Rector asked what the Bank of America is asking for in exchange for the \$5 million line of credit. Ms. Adie responded that they have requested an assignment of Mr. Constant's remaining \$4 million pledge. Once that pledge is paid, the bank will reduce the amount of collateral and free up additional cash to be used for land assembly for the shopping center.

Rev. Paige suggested that we convince the City to move quickly on the shopping center as a way to provide services for those students and neighbors moving to or near the Village. He stated that the timing of the University Village is critical, particularly in response to the private development that is taking place at the same time along Hampton Boulevard. The land from 38th to 41st Streets for the shopping center will be acquired by the end of this year and demolition will begin the first quarter of next year.

Rev. Paige also discussed the importance of design standards, not only within the Village, but in the areas of private development adjacent to the Village, and expressed his desire that the City develop overlay standards. Ms. Adie commented that the City recognizes the importance of consistent development along Hampton Boulevard and, while an overlay district has not been established for the area between 38th Street and the 21st Street overpass, her sense is that the City is looking at that area very carefully, both in terms of its use and design standards. Ms. Atkinson suggested that the University contact the City's Planning Director to suggest that design standards be established for the Hampton Boulevard corridor, to include the area from Colley Avenue to the Colley Avenue bridge.

RESOLUTION REGARDING UNIVERSITY VILLAGE

Vice President Fenning presented three resolutions regarding the conveyance of property in the University Village. He explained that, by statute, the Board of Visitors has the authority, subject to approval by the Governor, to convey property by lease, sale or other type of conveyance to its Foundations.

The first property for conveyance includes six parcels of property east of the right-of-way that are necessary for purposes of developing student housing. A motion was made by Mr. Bouffard to adopt the following resolution. The motion was seconded by Ms. Graeber and was unanimously approved by all present. (*Atkinson, Bouffard, Graeber, Hilgers, Russell*)

**RESOLUTION TO CONVEY PROPERTY IN THE UNIVERSITY VILLAGE TO THE
OLD DOMINION UNIVERSITY REAL ESTATE FOUNDATION FOR
STUDENT HOUSING DEVELOPMENT**

WHEREAS, pursuant to Section 23-49.21 of the *Code of Virginia*, the Board of Visitors of Old Dominion University ("Board"), with the approval of the Governor, is authorized to lease, sell and convey real estate that it has acquired by gift, devise or purchase;

WHEREAS, the Board of Visitors of Old Dominion University (the "Board") is supportive and committed to the development of the University Village in accord with the Master Plan of the University Village ("Master Plan") and the Redevelopment Plan for the Hampton Boulevard Redevelopment Project ("Redevelopment Plan");

WHEREAS, the University acquired parcels of land in Phase A of the Redevelopment Plan in order to develop the Constant Convocation Center and adjacent parking deck and a portion of the land so acquired is in the area that has been designated for student housing in the Master Plan;

WHEREAS, the University also acquired a parcel of land in Phase C of the Redevelopment Plan in anticipation of the development of student housing; and

WHEREAS, the Old Dominion University Real Estate Foundation (Foundation), by resolution dated March 5, 2002, has noted its intent to develop the aforesaid parcels in accord with the Master Plan.

THEREFORE, BE IT RESOLVED as follows:

(1) The Board agrees to convey to the Foundation, at no cost or for such other good and valuable consideration as the parties may agree, six (6) parcels, as set forth on Exhibit A ("Student Housing Parcels"), subject to the following conditions:

- (a) The Foundation shall use the Student Housing Parcels for the benefit of Old Dominion University; and
- (b) If required by the State, the Foundation will seek approval of the Governor in the future if the Student Housing Parcels are to be sold by the Foundation for a use that does not benefit the University.

(2) Pursuant to the Old Dominion University Board of Visitors Bylaws Sections 7.01(b) and (c)(8), the Board authorizes the President to execute all documents and instruments and other items as may be necessary or desirable to consummate the conveyance of the Student Housing Parcels after obtaining all necessary approvals as provided for by law.

This resolution shall take effect immediately upon its adoption.

EXHIBIT A

<u>Tax Block</u>	<u>Lots</u>	<u>Square Footage</u>
228	29,66	5,000
228	unnumbered (Research III)	39,000
227	P29, 30 - 33	12,500
226	P28, 65, 66, P67	7,500
225	P28, 29 - 33, 64 - 66, P67	22,500
224	P29	<u>1,250</u>
		87,750 SF or 2.01 acres

The second resolution conveys seven parcels of property for office/annex development. A motion was made by Mr. Bouffard to adopt the following resolution. The motion was seconded by Ms. Graeber and was unanimously approved by all present. (*Atkinson, Bouffard, Graeber, Hilgers*)

**RESOLUTION TO CONVEY PROPERTY IN THE UNIVERSITY VILLAGE TO THE
OLD DOMINION UNIVERSITY REAL ESTATE FOUNDATION
FOR OFFICE/ANNEX BUILDING DEVELOPMENT**

WHEREAS, pursuant to Section 23-49.21 of the *Code of Virginia*, the Board of Visitors of Old Dominion University ("Board"), with the approval of the Governor, is authorized to lease, sell and convey real estate that it has acquired by gift, devise or purchase;

WHEREAS, the Board of Visitors of Old Dominion University (the "Board") is supportive and committed to the development of the University Village in accord with the Master Plan of the University Village ("Master Plan") and the Redevelopment Plan for the Hampton Boulevard Redevelopment Project ("Redevelopment Plan");

WHEREAS, the University acquired parcels of land in Phase A of the Redevelopment Plan in order to develop the Constant Convocation Center and adjacent parking deck and a portion of the land so acquired is in the area that has been designated in the Master Plan for office buildings and two (2) annex buildings adjacent to the Convocation Center; and

WHEREAS, the Old Dominion University Real Estate Foundation, by resolution dated March 5, 2002, has noted its intent to develop the aforesaid parcels in accord with the Master Plan.

THEREFORE, BE IT RESOLVED as follows:

(1) The Board agrees to convey to the Foundation, at no cost or for such other good and valuable consideration as the parties may agree, seven (7) parcels, as set forth on Exhibit A ("Office/Annex Parcels"), subject to the following conditions:

- (a) The Foundation shall use the Office/Annex Parcels for the benefit of Old Dominion University; and
- (b) If required by the State, the Foundation will seek approval of the Governor in the future if the Office/Annex Parcels are to be sold by the Foundation for a use that does not benefit the University.

Pursuant to the Old Dominion University Board of Visitors Bylaws Sections 7.01(b) and (c) (8), the Board authorizes the President to execute all documents and instruments and other items as may be necessary or desirable to consummate the conveyance of the Office/Annex Parcels after obtaining all necessary approvals as provided by law.

This resolution shall take effect immediately upon its adoption.

The third resolution conveys property to the Foundation in order to build a second parking deck north of the Convocation Center and to enter into a development/lease agreement with the University. Mr. Fenning commented that the University is currently evaluating the economic and financing feasibility of the proposed parking deck, and this resolution would allow them to proceed if it is deemed feasible to do so. A motion was made by Mr. Bouffard to adopt the following resolution. The motion was seconded by Ms. Graeber and was unanimously approved by all present. (*Atkinson, Bouffard, Graeber, Hilgers*)

**RESOLUTION TO CONVEY PROPERTY IN THE UNIVERSITY VILLAGE
TO THE OLD DOMINION UNIVERSITY REAL ESTATE FOUNDATION
FOR PARKING DECK DEVELOPMENT**

WHEREAS, pursuant to Va. Code Section 23-49.21, the Board of Visitors of Old Dominion University ("Board"), with the approval of the Governor, is authorized to lease, sell and convey real estate that it has acquired by gift, devise or purchase;

WHEREAS, the Board of Visitors of Old Dominion University (the "Board") is supportive and committed to the development of the University Village in accord with the Master Plan of the University Village ("Master Plan") and the Redevelopment Plan for the Hampton Boulevard Redevelopment Project ("Redevelopment Plan");

WHEREAS, the Master Plan anticipated development of a parking deck to be located to the north of the Constant Convocation Center on 45th Street on land currently owned by the University;

WHEREAS, the University is currently evaluating the economic/financing feasibility of the proposed parking deck, including conveying the land to the Foundation and entering into a development/lease agreement with the Foundation;

WHEREAS, the Old Dominion University Real Estate Foundation, by resolution dated March 5, 2002, has indicated it will accept conveyance of the aforementioned property, subject to certain conditions, and noted its intent to development the aforesaid parcel in accord with the Master Plan.

THEREFORE, BE IT RESOLVED as follows:

(1) The Board agrees to convey to the Foundation, at no cost or for such other good and valuable consideration as the parties may agree, the parcel generally described in Exhibit A (“Parking Deck Parcel”), subject to the following conditions:

- (a) Negotiation of a mutually agreeable development/lease agreement with the Foundation.
- (b) The Foundation shall use the Parking Deck Parcel for the benefit of Old Dominion University; and
- (c) If required by the State, the Foundation will seek approval of the Governor in the future if the Parking Deck Parcel is to be sold by the Foundation for a use that does not benefit the University.

(2) Pursuant to the Old Dominion University Board of Visitors Bylaws Sections 7.01(b) and (c)(8), the Board authorizes the President to execute all documents and instruments and other items as may be necessary or desirable to consummate the conveyance of the Parking Deck Parcel after obtaining all necessary approvals as provided for by law.

This resolution shall take effect immediately upon its adoption.

OLD/UNFINISHED BUSINESS

There was no old or unfinished business to come before the Committee.

NEW BUSINESS

The Rector asked if there was any new business to come before the Committee. President Runte indicated that a reception for area legislators will be held on campus on April 8th to thank them for their support. The reception will include a tour of the new Convocation Center. Dr. Hilgers indicated that Delegate Wardrup is in the hospital and will be unable to attend.

President Runte also announced that the Lady Monarchs will play Purdue in the NCAA Tournament at 7:00 p.m. and the game will be televised on ESPN, Channel 12.

Dr. Hilgers indicated that a Bylaws Review Committee meeting will be called during the first week in April.

With no further business to be discussed, the meeting was adjourned at 5:15 p.m.