

OLD DOMINION UNIVERSITY

Board of Visitors Executive Committee Meeting
Friday, August 25, 2006

MINUTES

The Executive Committee of the Board of Visitors met on Friday, August 25, 2006, at 12:00 noon, in the Board Room of Webb University Center on the Norfolk campus. Present from the Executive Committee were:

James A. Hixon, Rector
Conrad M. Hall
Ross A. Mugler
Katherine A. Treherne

Absent from the Committee: Kendra M. Croshaw
Pat Tsao
Patricia M. Woolsey

Also present from the Board: Frank Batten, Jr.
Pamela C. Kirk
Moody E. Stallings, Jr.
Michael P. Gembitsky (*Student Representative*)

Also present: Roseann Runte, President
Julie R. Adie
Rick Berry
Stephen Daniel
James Duffy
Dale Feltes
Robert L. Fenning
Thomas Isenhour
Mohammad Karim
Donna W. Meeks
Jennifer Mullen
Deborah L. Swiecinski
Geneva Walker-Johnson

CALL TO ORDER AND APPROVAL OF MINUTES

The Rector called the meeting to order at 12:15 p.m. and asked for approval of the minutes of the Executive Committee meeting held on May 15, 2006. Upon a motion made by Mr. Mugler and seconded by Mr. Hall, the minutes were approved by all members present and voting. (*Hall, Hixon, Mugler, Treherne*)

RECTOR'S REPORT

The Rector indicated that he had no report.

PRESIDENT'S REPORT

The President reviewed a proposal for naming a number of buildings on campus in honor of important individuals and cities and counties in the area, which she will bring formally to the Board in September. She distributed the proposal and shared her specific recommendation for naming the four buildings in the new Quad Student Housing after the four original "Dominions" of England - Ireland, Scotland, France and Virginia. She suggested that the first building be dedicated as the Ireland House when Mary Robinson, the President of Ireland, visits in October. She asked for feedback prior to the September meeting. Mr. Batten questioned whether this proposal limits naming opportunities for donors. President Runte said that she felt there were enough additional buildings on campus without names for donor opportunities, but Mr. Batten asked that the administration keep an open mind about renaming the buildings included in this proposal in honor of a donor if the opportunity presents itself.

President Runte reviewed recent staff changes Student Affairs, Academic Affairs, the College of Sciences and Student Financial Aid. She briefed the Committee on reorganizations and administrative improvements in the University College, International Programs, Student Advising, and the Graduation ceremony.

The President provided a brief update on activities related to football, noting that a consultant was hired to advise on ticket pricing, donor relations, club suites, etc., and will issue a report by mid-September. She also discussed the administration's plans to hire consultants to develop the program and help with public relations and fund-raising. She invited feedback from the Board members and said that a final decision will be made by mid-September.

President Runte reviewed the budget requests that she is proposing to submit during the Technical Session of the General Assembly. The three initiatives are in the areas of education, transportation and energy, and fit well with the Governor's priorities. She described each initiative and indicated that the details are currently being developed and will be shared with the Board at their meeting in September.

The President briefed the Committee on retreats that were held during the summer and the Film Festival being planned with the City of Norfolk to be held for ten days during the Spring. She also reviewed other activities in which she and others have been involved.

President Runte updated the Committee on Maglev and the ongoing deliberations over course offerings at the Virginia Beach Higher Education Center. She noted how the recent successes with Maglev will likely lead to additional grant funding. She reviewed the history and the next steps that will be taken regarding the Virginia Beach Higher Education Center, and Committee members expressed their support of the President.

The President shared rankings from the National Science Foundation and the *U.S. News and World Report*. While the U.S. News ranking was disappointing (still in the 4th Tier but very close to the 3rd Tier), the NSF rankings were very good, with increases for all of ODU's engineering programs and all non-engineering programs ranked in the Top 100. She suggested that the Board receive a presentation on rankings and how they are determined at the next meeting. The President also reported that since Old Dominion University has changed considerably over the last several years, she will lobby for a change in Old Dominion's peer institutions during the upcoming year, as this has consequences for how the institution is funded.

2006-2007 OPERATING BUDGET AND PLAN PRESENTATION

Vice President Fenning reviewed the University's Operating Budget and Plan, as adjusted from the preliminary budget approved by the Board at its meeting in June, based upon the final actions of the General Assembly. He reviewed the five "drivers" in planning the University's budget (President's priorities, Strategic Plan priorities, support for enrollment growth, state-mandated cost increases, and capital commitments and unavoidable cost increases). He reviewed revenue and expenditure comparisons for E&G and Auxiliary categories, and explained how the E&G expenditure categories have changed because of how research expenditures are now included under Research & Public Service rather than Instruction & Academic Support.

In response to a question, Vice President Fenning indicated that \$1.3 million had been invested to address faculty salary compression over the last three years, and the upcoming budget now focuses on compression issues for support staff. These investment will reap benefits in attracting and retaining quality staff.

Vice President Fenning also reviewed the recommended capital budget adjustments and their funding sources (General funds, Nongeneral funds, 9c Nongeneral fund bonds, and 9d Nongeneral fund bonds). He noted that the Operating Budget Resolution reflects budgeted revenues and expenditures and that actual revenues and expenditures will be reflected in the annual Financial Statements.

Upon a motion made by Mr. Hall and seconded by Mr. Mugler, the following resolution was approved by all members present and voting. (*Hall, Hixon, Mugler, Treherne*)

RESOLUTION APPROVING 2006-2007 OPERATING BUDGET AND PLAN

RESOLVED, that upon the recommendation of the President, the Executive Committee of the Board of Visitors approves the proposed expenditure plan as displayed below and as contained in TABLE 2 of the University's 2006-2007 Operating Budget and Plan.

TABLE 2
UNIVERSITY EXPENDITURE SUMMARY
(in thousands)

EXPENDITURES	2005-06 Original Budget Plan	2006-07 Proposed Budget Plan
<i>E&G</i>		
Instruction	\$85,563	\$83,405
Research & Sponsored Programs	1,343	18,336
Public Service	273	300
Academic Support	32,526	35,523
Student Services	7,015	8,885
Institutional Support	20,649	27,048
Operations & Maintenance of Plant	13,238	18,379
Subtotal	\$160,607	\$191,876
Auxiliary Services	42,729	57,614
Grants & Contracts	15,923	18,707
Gifts & Discretionary	5,433	6,073
Scholarships & Fellowships	19,831	22,151
Student Loan Funds	58,750	61,500
TOTAL UNIVERSITY EXPENDITURES	\$303,273	\$357,921
Summary of University Revenues & Expenditures		
Revenues	\$306,260	\$358,527
Expenditures	\$303,273	\$357,921
Contribution to/Use of) Fund Balance*	\$2,987	\$606

RESOLUTION TO APPROVE BOARD OF VISITORS POLICY 1622: AUTHORITY TO CONTRACT WITH LOCAL BUILDING OFFICIAL FOR DESIGN REVIEW AND INSPECTION OF CAPITAL PROJECTS

Vice President Fenning explained that this new policy is the last of several policies the Secretary of Finance suggested that each Board consider for adoption in conjunction with achieving Level 1

Authority under the Restructured Higher Education Financial and Administrative Operations Act that was introduced by the 2005 General Assembly. The policy grants authority to the University to utilize the services of a local, municipal Department of Planning, as deemed appropriate, to perform all design review and inspections of capital projects to ensure compliance with the Uniform Statewide Building Code. A waiver of the 45-day notice requirement is requested in order to receive the Committee's approval, as having this policy in place will allow the administration to expedite several construction projects that are currently underway.

Upon a motion made by Mr. Mugler and seconded by Mr. Hall, the following resolution was approved by all members present and voting. (*Hall, Hixon, Mugler, Treherne*)

**RESOLUTION TO APPROVE BOARD OF VISITORS POLICY 1622:
AUTHORITY TO CONTRACT WITH LOCAL BUILDING OFFICIAL
FOR DESIGN REVIEW AND INSPECTIONS OF CAPITAL PROJECTS**

RESOLVED, that the Executive Committee of the Board of Visitors approves the following Board of Visitors Policy 1622: Authority to Contract With Local Building Official for Design Review and Inspections of Capital Projects, effective September 22, 2006.

BE IT FURTHER RESOLVED, that the 45-day notice requirement, as stipulated in the Board's Bylaws, be waived in order to allow timely revisions to Policy 1622, which may be necessary to exercise the Level 1 delegated authority as granted under the Restructured Higher Education Financial and Administrative Operations Act. Notice of such revisions will be given to the Board no later than 10 days prior to the meeting at which the revisions will be considered by the Board.

Rationale: The 2005 General Assembly session passed HB 2866 and SB 1327 to establish the Restructured Higher Education Financial and Administrative Operations Act. This Act allows public institutions of higher education restructured financial and operational authority as described in subdivisions A1 through A13 of Section 23-38.88 of the Act.

In addition to the formal adoption of a Resolution by the Board of Visitors committing the University to the Governor and the General Assembly to meeting the state's goals as described in the Act, the Secretary of Finance published specific provisions, including the adoption of Board policies and procedures, is suggested in order to exercise this authority.

Subdivision A2 states that public institutions of higher education shall "have the option , as provided in subsection C of § 2.2-1132 and pursuant to the conditions and provisions under such subsection, to contract with a building official of the locality in which construction is taking place and for such official to perform any inspection and certifications required for the purpose of complying with the Uniform Statewide Building Code (§ 36.97 et seq.) pursuant to subsection B of § 36.98.1."

The foregoing provides that the autonomy delegated to the University may not be exercised until the Board of Visitors adopts an appropriate system of policies, procedures, and guidelines to guide University officials in the exercise of the delegated autonomy.

Waiver of the 45-day notice requirement, as stipulated in the Board’s Bylaws, is being requested in order to allow the administration to propose revisions to the policy, as necessary, within a shorter timeframe, so as to maintain the autonomy as granted under the Restructured Higher Education Financial and Administrative Operations Act.

NUMBER: 1622

TITLE: Authority to Contract with Local Building Official for Design Review and Inspections of Capital Projects

APPROVED: September 22, 2006

I. Background

The 2005 General Assembly session passed HB 2866 and SB 1327 to establish the Restructured Higher Education Financial and Administrative Operations Act. This Act allows public institutions of higher education restructured financial and operational authority as described in subdivisions A1 through A13 of Section 23-38.88 of the Act.

Pursuant to §23-38.88, *Eligibility for Restructured Financial and Administrative Operational Authority*, subdivision A2 states that public institutions of higher education shall be eligible “to have the option, as provided in Subsection C of th §2.2-1132 and pursuant to the conditions and provision under such subsection, to contract with a building official of the locality in which the construction is taking place and for such official to perform any inspection and certifications required for the purpose of complying with the Uniform Statewide Building Code (§ 36-97 et seq.), pursuant to subsection C of §36-98.1.”

II. Board of Visitors Policy

It is the policy of the Board of Visitors of Old Dominion University to utilize the City of Norfolk, Department of Planning, or that of any municipality within which the University currently has or may require facilities, as its building official to perform all design review and inspections of capital projects in order to ensure compliance with the Uniform Statewide Building Code where permitted and deemed appropriate. The Vice President for Administration and Finance or the Vice President’s designee shall determine the appropriateness for use of the City of Norfolk, Department of Planning, for any authorized project that achieves the University’s best interests.

III. Authority

The Vice President for Administration and Finance or the Vice President’s designee shall be responsible for interpretation, implementation and compliance of this policy. The Vice President for Administration and Finance may delegate this authority by letter.

IV. Procedures

The University shall:

- A. Comply with the requirements of the Virginia Public Procurement Act (§2.2-4300 et seq.);
- B. Meet the goals as established in *Eligibility of Restructured Financial and Administrative Operational Authority* (§23-38.99, Subdivision B);
- C. With the exception of the use of the City of Norfolk, Department of Planning, as the University’s Building Official, the University shall comply with the design review process as described in the Commonwealth of Virginia “Construction and Professional Services Manual;”
- D. Utilize General Terms and Conditions for those forms of procurement as approved by the Department of General Services and the Office of the Attorney General;
- E. Follow all guidelines established by the Secretary of Administration; and
- F. Follow all administrative procedures established by the Department of General Services.

RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE BOARD OF VISITORS OF OLD DOMINION UNIVERSITY APPROVAL THE LEASING OF THE OLD DOMINION UNIVERSITY STUDENT HOUSING, LLC STUDENT HOUSING PROJECT IN THE UNIVERSITY VILLAGE

Vice President explained that although the University has already received Appropriation authority and Treasury Board approval to master lease the University Village Apartments, Bond Counsel has suggested that having a formal Resolution by the Board is in the University’s best interests.

Upon a motion made by Mr. Mugler and seconded by Mr. Hall, the following resolution was approved by all members present and voting. (*Hall, Hixon, Mugler, Treherne*)

RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE BOARD OF VISITORS OF OLD DOMINION UNIVERSITY APPROVING THE LEASING OF THE OLD DOMINION UNIVERSITY STUDENT HOUSING, LLC STUDENT HOUSING PROJECT IN THE UNIVERSITY VILLAGE

WHEREAS, at the request of the Old Dominion University Real Estate Foundation Student Housing, LLC (the Lessor), whose sole member is the Old Dominion University Real Estate Foundation, a Virginia non-stock corporation (the Company), the Norfolk Redevelopment and Housing Authority (the Authority) issued its Variable Rate Demand Revenue and Refunding Bonds (Old Dominion University Real Estate Foundation Student Housing, LLC University Village

Student Housing Project), Series 2005 (the Series 2005 Bonds), in the aggregate principal amount of \$56,500,000 for the purposes of (I) refinancing a portion of the cost of acquiring, constructing and equipping student housing facilities consisting of ten three-story buildings (and adjacent surface parking areas) that house approximately 962 student beds in approximately 278 units of one, two and four bedroom apartments and educational, office and retail space located on the ground floor of selected buildings, all located in the area known as the University Village (the Project) by the refunding in full of the Authority's Revenue Bonds (Old Dominion University Real Estate Foundation University Village Student Housing Project), Series 2003A and Series 2004B (the Prior Bonds), which were issued to finance the acquisition, construction and equipping the Project, (ii) financing costs associated with the refunding of the Prior Bonds, and (iii) financing termination or similar fees with respect to an interest rate swap for the Prior Bonds;

WHEREAS, contemporaneously with the execution and delivery of the Series 2005 Bonds, the Authority and the Lessor entered into a Loan and Refinancing Agreement dated as of December 1, 2005 (the Loan Agreement), whereby the proceeds of the Series 2005 Bonds were loaned to the Lessor and applied to the refinancing costs described above;

WHEREAS, pursuant to Chapter 3, Item C-110.30, page 492 of the 2006 Acts of Assembly, the General Assembly of the Commonwealth has authorized Old Dominion University (the University) to enter into a lease agreement for the purpose of occupying, operating and maintaining the Project;

WHEREAS, the Lessor and the University have agreed to enter into a Deed of Lease (the Student Housing Lease) whereby the Lessor will lease the Project to the University and the University will lease the Project from the Lessor, all pursuant to terms and conditions of the Student Housing Lease;

WHEREAS, as debt service payments on the Series 2005 Bonds and other required payments will be paid from Basic Rent (as defined in the Student Housing Lease) to be received from the University pursuant to the Student Housing Lease, the Treasury Board of the Commonwealth of Virginia, as required by Virginia law, approved the Student Housing Lease on August 16, 2006; and

WHEREAS, the Student Housing Lease has been presented at this meeting in substantially final form;

NOW, THEREFORE, BE IT RESOLVED BY THE EXECUTIVE COMMITTEE OF THE BOARD OF VISITORS OF OLD DOMINION UNIVERSITY:

1. The Student Housing Lease is hereby approved and the execution and delivery of the Student Housing Lease by the President or the Vice President for Administration and Finance of the University, either of whom may act, is hereby approved. The President or the Vice President for Administration and Finance of the University is further authorized to accept in his or her discretion, revisions, modifications or changes to the Student Housing Lease, such approval to be conclusively evidenced by the execution and delivery of the Student Housing Lease by the President or the Vice President for Administration and Finance of the University.

2. The President or the Vice President for Administration and Finance of the University, either of whom may act, is authorized to execute and deliver on behalf of the University such

instruments, documents or certificates and to do and perform such things and acts as they shall deem necessary or appropriate in carrying out the transactions authorized by this Resolution or contemplated by the Student Housing Lease, including entering into any necessary sublease with the Lessor with respect to retail space in the Project, and all of such actions previously done or performed by the officers of the University in connection therewith are in all respects approved, ratified and confirmed.

RESOLUTION APPROVING THE LEASING OF THE NEW UNIVERSITY BOOKSTORE BUILDING IN THE UNIVERSITY VILLAGE

Vice President Fenning indicated that approval of the following resolution is being sought by the Executive Committee, for the same reasons as described above, to authorize the University to lease the new University Village Bookstore from the Real Estate Foundation. The University has already received Appropriation authority to do so, and will seek Treasury Board approval later this month

Upon a motion made by Mr. Mugler and seconded by Mr. Hall, the following resolution was approved by all members present and voting. (*Hall, Hixon, Mugler, Treherne*)

RESOLUTION APPROVING THE LEASING OF THE NEW UNIVERSITY BOOKSTORE BUILDING IN THE UNIVERSITY VILLAGE

WHEREAS, the Old Dominion University Real Estate Foundation, a Virginia non-stock corporation (the Company), expects to borrow up to \$8,500,000 (the Construction Loan) from Bank of America, N.A. and TowneBank (the Lender) to provide construction financing for the development, construction and equipping of a 42,000 square foot, three and one-half story bookstore, café and office facility (the Facility) in the University Village and financing costs associated with such Construction Loan and to enter into a permanent financing with the Lender of up to \$5,500,000 with respect to the Facility (the Permanent Loan);

WHEREAS, pursuant to Chapter 3, Item C-110.20, Page 492 of the 2006 Acts of Assembly, the General Assembly of the Commonwealth has authorized the University to enter into a Lease Agreement with the Company for the purpose of occupying, operating and maintaining the Facility;

WHEREAS, the Company and the University have agreed to enter into a Deed of Lease (the Bookstore Lease) whereby the Company will lease the Facility to the University and the University will lease the Facility from the Company, all pursuant to the terms of the Bookstore Lease;

WHEREAS, the University has entered into a fifteen (15) year operating agreement (the Operating Agreement) by and between the University and Follett Higher Education Group (Follett), dated as of August 18, 2006, whereby Follett has agreed to operate and manage the bookstore;

WHEREAS, pursuant to the Operating Agreement, Follett is obligated to pay \$3,000,000 to the University for the construction of the Facility (Facility Construction Payments);

WHEREAS, the University has agreed to assign the Facility Construction Payments to the Company to reduce the Construction Loan;

WHEREAS, debt service payments on the Permanent Loan and other required payments will be paid from Basic Rent (as defined in the Bookstore Lease, to include the payment obligations of the Company with respect to the Facility) to be received from the University pursuant to the Bookstore Lease are to be considered by the Treasury Board of the Commonwealth of Virginia, as required by Virginia law, at its September 20, 2006 meeting; and

WHEREAS, the Bookstore Lease will be presented in substantially final form at the September 23, 2006 meeting of the Board of Visitors;

NOW, THEREFORE, BE IT RESOLVED BY THE EXECUTIVE COMMITTEE OF THE BOARD OF VISITORS OF OLD DOMINION UNIVERSITY:

1. The Bookstore Lease transaction is hereby approved and the Executive Committee hereby directs the President or the Vice President for Administration and Finance of the University, either of whom may act, to present an approving resolution to the Board of Visitors at its September 23, 2006 meeting.

2. The President or the Vice President for Administration and Finance of the University, either of whom may act, is authorized to execute and deliver on behalf of the University such instruments, documents or certificates and to do and perform such things and acts as they shall deem necessary or appropriate in carrying out the transactions authorized by this Resolution or contemplated by the Bookstore Lease transaction, including entering into any necessary sublease with the Company with respect to retail space in the Facility, and all of such actions previously done or performed by the officers of the University in connection therewith are in all respects approved, ratified and confirmed.

OLD/UNFINISHED BUSINESS

The Rector asked if there was any old or unfinished business to come before the Committee. There was none.

NEW BUSINESS

The Rector asked if there was any new business to come before the Committee. There was none.

With no further business to be discussed, the meeting was adjourned at 2:00 p.m.