

OLD DOMINION UNIVERSITY

**BOARD OF VISITORS
EXECUTIVE COMMITTEE**

Monday, 17 November 1997

MINUTES

The Executive Committee of the Board of Visitors met on Monday, 17 November 1997, at 3:00 p.m. in the Board Room of Webb University Center on the main campus. Present from the Executive Committee were:

Joan D. Gifford, Vice Rector
Edward L. Hamm, Jr.
Anthony C. Paige
Charles H. Rotert, Jr.

Also present from the Board was: Gerald L. Parks

Also present were:

James V. Koch, President
James P. Adams
Dana D. Burnett
Stephen P. Daniel
Jo Ann M. Gora
Karla C. Johnson
Patrick B. Kelly
Donna W. Meeks
Ronald L. Race
Deborah L. Swiecinski
Cecelia T. Tucker
Robert Wojotowicz

**CALL TO ORDER AND APPROVAL OF MINUTES OF THE EXECUTIVE COMMITTEE
MEETING OF 17 MARCH 1997**

Due to the absence of the Rector, Joan Gifford, Vice Rector, presided. The Vice Rector called the meeting to order and asked for approval of the minutes of the Board of Visitors Executive Committee meeting of 17 March 1997. Upon a motion duly made and seconded, the minutes were approved as distributed.

VICE RECTOR'S REPORT

Ms. Gifford indicated that the Rector had asked her to engage the committee in discussion concerning the manner in which board meetings are held. Some board members have suggested to the Rector that the meeting structure be changed to allow all board members to attend all committee

meetings in order to become more knowledgeable of the affairs of the University. Mr. Hamm and Mr. Rotert both stated that they are comfortable with the committee structure as is and think that it would be over-burdensome to require all board members to attend all committee meetings. Mr. Hamm further suggested that as long as agendas are sent out well in advance, a board member might opt to attend a particular meeting if the subject matter under discussion is of particular interest to him or her. Mr. Rotert suggested that action items and issues of priority be moved to the beginning of the agenda for each committee meeting in order to allow ample time for discussion.

Reverend Paige commented that board members need to be educated on the operations of the University and a mechanism should be put in place to allow for more detailed discussions on items of great importance, such as the University's budget. He further suggested that minutes be written to reflect discussion which has taken place during meetings, and not to merely be a recitation of the chairman's report to the full Board.

Ms. Gifford expressed appreciation for everyone's comments and suggested that this topic be addressed at a future meeting.

PRESIDENT'S REPORT

The Rector called on President Koch for his report. President Koch reminded the board members of the retreat scheduled for early January and announced that John Padgett, Vice Chair of the State Council of Higher Education, and Milton Greenberg, former Provost of American University and a higher education scholar, will attend as guest speakers.

The President indicated that the Lady Monarchs Field Hockey team will participate in the NCAA Final Four this weekend in Connecticut. He also asked the board members to let him know as soon as possible whether they want tickets to the Bill Cosby concert on 8 May since a sellout crowd is expected. He extended the same invitation for tickets to the men's and women's basketball games and other university events.

UPDATE ON UNIVERSITY VILLAGE

President Koch briefed the Committee on the proposed Convocation Center and parking garage, and indicated that the University has requested additional purchasing authority from the General Assembly to supplement the current land acquisition funding of \$8 million. He then called on Ron Race, Director of Real Estate Development, to give a more detailed presentation on the University Village.

Mr. Race called the board members' attention to the scaled model and the three renderings of the village displayed at the front of the room. He reviewed the planning considerations used in designing the University Village. One consideration is to orient the public to the interior of the village. This will be accomplished with the design of Main Street running through the middle of the thirteen-block area, creating a spine which ties everything together. Another consideration is to establish a strong physical connection between the village and the existing campus on the west side of Hampton

Boulevard. The extension of Kaufman Mall across Hampton Boulevard through the northern part of the Village will create a green area which will also function as a storm water management facility. Architectural embellishments, such as decorative street lighting and a replication of the University Wall from 43rd to 49th Streets will strengthen that continuity.

Mr. Race presented a rendering of the University Village depicting, by color, buildings designated as university property, as well as future development of residential, research and development, and retail structures. University property includes the Convocation Center and parking garages, the Technology and Public Safety Buildings and what has been designated as the arts and cultural complex. Residential structures represent 1,200 to 1,500 bedrooms in a variety of configurations. A neighborhood shopping center would be anchored by a 50 to 60,000 square foot supermarket supplemented by a variety of smaller, service-oriented shops, much of which will cater directly to the university community, and restaurants.

A second rendering showed the sequence of development of the University Village in three phases. Phase I includes the Convocation Center, parking garages, the storm water management area and two of the three blocks of apartments. Phase II includes the remaining apartment complexes. Phase III will largely be dictated by the market. It is estimated that it will take approximately five years to acquire and develop the property for Phase I, and subsequent phases will follow in five-year increments.

The University is in the process of finalizing legal documentation with the University's Real Estate Foundation, the City of Norfolk, and the Norfolk Redevelopment and Housing Authority. A series of public hearings will be held during the months of November and December. The November 25th hearing will feature a formal presentation of the Redevelopment Plan. Some organized opposition is expected, primarily from merchants and the property owners who would be dislocated through this process. Support from the City Council is expected, and approval of the Redevelopment Plan by year end will position the Housing Authority to begin land assemblage in January.

Mr. Race described in detail a handout entitled "Land Acquisition Debt and Equity Financing." Although some funding will be appropriated from the General Assembly for acquisition of property for the convocation center and the two parking garages, the remaining the property will be developed in some form of public/private partnership with the University's Real Estate Foundation as a 501C 3 entity. The handout attempts to quantify the land costs and how the Real Estate Foundation might avail itself of borrowed funds in order to initially acquire the property that will be privately developed. Mr. Race explained that the intent is for the Real Estate Foundation to purchase the property by borrowing money against ground rental payments. The debt will be retired over time as the stream of ground rent payments continue. At the end of that period of time, the property will revert back to the Real Estate Foundation. In the meantime, the Foundation will accumulate a cash flow from the net difference between ground rent payments and payment against the debt to purchase the property.

BUDGET PRESENTATION

President Koch reviewed the 1998-2000 biennial budget process and the University's requests. He explained that the University's requests are guided by the University's mission, its strategic planning process and an assessment of issues facing higher education. In addition, the State Council of Higher Education makes its own recommendations based on information it receives from the various institutions. Increasingly more influential as well has been the recommendations of the Virginia Business Higher Education Council. From these various sources, the University generates a list of statewide initiatives as well as specific university initiatives.

Statewide issues include faculty salary increases, technology and equipment, enrollment growth, operating expenses for new buildings, catch-up funding, and student financial aid. Institutional issues include general fund equity, administrative systems to deal with the year 2000 problem, technology workforce training in conjunction with the Information Technology Association of America, TELETECHNET expansion, graduate student financial aid, instructional technology, non-personnel services inflation, state video teleconferencing, and expansion of the Lamberts Point program. Requests total \$21 million for the first year of the biennium and \$6 million for the second year.

The President reviewed in detail the University's 1997-98 operating budget, explaining sources of funds and how those funds are spent. He pointed out that 66.5% of the budget is spent on instruction, which compares favorably with the other state institutions. He then explained the budgeting process and how the results of the General Assembly in March determine the tuition and fee recommendation made to the Board in April, which in turn determines budget recommendations presented to the Board for its approval in June.

President Koch reviewed factors for determining whether the University is operating efficiently. These include the audit process, the Commonwealth's management standards, performance measures, and comparison with peer institutions. Annual audits performed by the Auditor of Public Accounts have increasingly improved over the years, and typically the University receives only a few comments each year, usually having to do with compliance issues. The Commonwealth adopted a set of management standards which, if met, yield benefits to the institution, including the ability to carry over a certain percentage of funds from one fiscal year to the next. Performance measures include graduation rates, persistence, number of transfer students, number of graduates who find employment in their field of study, space usage, credit hour generated per faculty member, research productivity per faculty member, percentage of funds spent on instruction, funds spent per FTE student, tuition and fee rates, and pricing. President Koch explained each of these factors in detail and described how the University has performed relative to the other state institutions and its peer institutions.

In addition to state funding, President Koch explained that two other major sources of funds include local revenue and auxiliary reserves. Local revenue is generated from contracts such as those with Barnes and Noble for bookstore operations, Aramark for dining services and Coca Cola for vending operations. The current fund balance is \$400,000. These funds are used to purchase items for which state revenue cannot be used, such as entertainment, gifts, and the President's Lecture Series.

The current auxiliary fund balance is \$22.5 million. The State Council for Higher Education dictates that these balances cannot be less than \$21.1 million or more than \$24 million. President Koch described the individual standards set forth by SCHEV and how the University fares in each category.

Following his report, the President suggested that these items be discussed in more detail at the upcoming retreat, with a goal of identifying the kinds of questions board members ought to be asking on an ongoing basis in terms of how the University is being run. He encouraged the board members to review the information presented and suggest to him any additional topics for discussion at the retreat.

MOTION FOR EXECUTIVE SESSION

The Vice Rector recognized Reverend Paige, who made the following motion: "Madam Vice Rector, I move that this meeting be recessed, and that we reconvene in Executive Session for the purpose of discussing matters related to the acquisition of real estate within the University's master plan, as permitted by Subsection (A), Paragraph (3) of Section 2.1-344 of the Code of Virginia."

RECONVENE IN EXECUTIVE SESSION AND FOIA CERTIFICATION

At the conclusion of executive session, the meeting reconvened in open session, at which time the Vice Rector called for the Freedom of Information Act certification of compliance that (1) only public business matters lawfully exempted from the open meeting requirements under the Freedom of Information Act were discussed and (2) only such public business matters as were identified in the motion by which the executive session was convened were heard, discussed or considered. The certification of compliance vote was five in favor and none opposed.

CALL FOR NEW BUSINESS

The Vice Rector asked if there was any new business to come before the Committee. Mr. Hamm indicated that he had a business-related contractual issue that he would discuss further with the General Counsel.

With no further business to be discussed, the meeting was adjourned.