

APPROVED BY COMMITTEE – 04/21/2021

**OLD DOMINION UNIVERSITY
BOARD OF VISITORS
ADMINISTRATION AND FINANCE COMMITTEE**
December 10, 2020
MINUTES

The Administration and Finance Committee of the Board of Visitors of Old Dominion University met at 3:00 p.m. on Wednesday, December 9, 2020. The meeting was held electronically via the Zoom application pursuant § 4-0.01(g) of Chapter 1289 of the 2020 Acts of Assembly. Present from the Committee were:

Larry R. Hill, Chair
Kay A. Kemper (*ex-officio*)
R. Bruce Bradley (*ex-officio*)
Yvonne T. Allmond
Robert A. Broermann
Ross A. Mugler
Armistead D. Williams
Marc Ouellette (*Faculty Representative*)
Bridget Groble (*Student Representative*)

Also present from the Board: Murry Pitts

Also present:

John R. Broderick	Maggie Libby
Austin Agho	Donna Meeks
Bruce Aird	Earl Nance
Mike Brady	Tom Odom
Leigh Comsudis	Dave Robichaud
Mary Deneen	September Sanderlin
Greg DuBois	Wood Selig
Giovanna Genard	Don Stansberry
Rhonda Harris	Vanessa Walker
Casey Kohler	Rusty Waterfield

The Chair called the meeting to order at 3:00 p.m.

I. ACTION ITEMS

- A. Approval of Minutes – Upon a motion made by Mr. Mugler and seconded by Mr. Broermann, the approval of minutes of the September 10, 2020 meeting were approved by roll-call vote. (Ayes: (*Hill, Allmond, Bradley, Broermann, Kemper, Mugler, Williams; Nays: None*)
- B. VCBA Bond Restructuring – Mr. Bruce Aird, University Budget Officer, presented the Resolution authorizing participation in the restructuring of indebtedness with the Virginia Building Authority. The Governor has recognized that the COVID-19 pandemic has had, and continues to have, a tremendous adverse impact on higher education, including the fiscal health of the Commonwealth's colleges and universities, and in response to financial conditions created by the pandemic, the Governor has proposed a debt restructuring plan for debt-funded capital projects of higher educational institutions which will defer debt service payments on certain indebtedness obtained through or with the assistance of the Commonwealth, including debt obtained through the Authority (the “Debt Restructuring Program”).

The Bond Counsel and Treasurer ask that the Board of Visitors delegate approval to the President and the Vice President for Administration and Finance so the University can take action on the individual bond series.

Mr. Mugler asked what is the approximate savings after the initial cost? Mr. Aird responded that it varies by individual project and by series. The University can isolate and specify inclusion of individual projects within a bond series. Mr. Aird, and Ms. Mary Deneen, Assistant Vice President for Finance/University Controller, are evaluating all options and at a minimum could recognize approximately \$9,000,000 of short term relief over the next two (2) years with very minimal long-term costs. There are additional options that are being considered that could provide additional short-term relief, but at a higher long-term cost.

Mr. Mugler also asked about a strain on the reserves why 9C bonds weren't being included. Mr. Aird responded that there is a need for a language change to enable inclusion of the 9C bonds, and that is likely to occur in the upcoming legislative session of the General Assembly, which is expected for 9C to be available for consideration by spring.

Mr. Bradley asked if packaging these bonds together, across multiple State agencies, is what is creating the opportunity for interest rate savings, or is there another reason for it? Mr. Aird noted that there are some projects and bond series that have the potential for significant interest rate savings over the life of the bonds, but the immediate short-term benefit is from the deferment of principal payments for the next two (2) years.

Vice President DuBois added that the University is doing a net present value calculation to determine which would be most advantageous. It is not just about the immediate cash flow for the next two (2) years. We are looking at the net present value of the additional

principal and interest payments over the life of the bond. He added that some of these are having a positive net present value or very small negative net present value.

Mr. Broermann asked how much principal balance do you think in total on these series would be restructured; the entire portfolio, or a subset; how much total bonds are you asking for discretion on? Specifically, 9D and 9C? Mr. Aird responded that he has low expectations for Old Dominion's involvement in the potential 9C restructuring when that becomes available to us because most of the 9C bonds have recently been issued and the interest rate savings will not be as significant. For the current 9C restructuring, Mr. Aird would need a moment to access his file.

Vice President DuBois requested that Mr. Aird get this information and provide it to the Committee by the end of today's meeting. Mr. Aird reported to the Committee that the par value of the 9D pool is approximately \$48,000,000 and that the University seeks to restructure \$32,000,000, possibly more.

II. PRESENTATIONS

- A. Unaudited Financial Statements – Ms. Mary Deneen, Assistant Vice President for Finance/University Controller, presented the Unaudited Financial Statements for the year ended June 30, 2020. Ms. Deneen first recognized Ms. Vanessa Walker and her team for their outstanding work on the financial statements. She noted that the total assets and deferred outflows were \$1.0 billion dollars, which is an increase of \$114.3 million from FY19. Liabilities and deferred inflows increased \$50.1 million to \$579.2 million and total net position increased \$63.5 million to \$457.2 million. These increases reflect the University's continued investment in facilities and equipment, as well as prudent management of its fiscal resources.

Mr. Bradley asked what the reimbursement is for; Ms. Deneen noted the reimbursement is for 21st Century Bonds, which are reimbursable bonds that are used to pay out construction projects and then request reimbursement from Commonwealth on those bonds.

Vice President DuBois asked Mr. Bruce Aird to provide information regarding the overall debt at this time.

Mr. Aird provided a brief update regarding the University's Auxiliary and Discretionary reserves to the Committee.

- B. Energy Savings Performance Contract – Mr. Mike Brady, Assistant Vice President for Facilities Management and Construction, briefed the Committee on the University's efforts to enter into an Energy Savings Performance Contract (ESPC) in partnership with the Commonwealth's Department of Mines, Minerals, and Energy (DMME). Mr. Brady

recognized Mr. John Hasher and Mr. Harry Smithson for their outstanding work on this contract.

Old Dominion University began pursuing an ESPC in the Spring of 2020, which is a budget-neutral approach to implementing facility improvement projects without using funds from capital budgets. The current ESPC effort resulted in proposals from seven (7) companies that had been pre-screened by DMME. Old Dominion University is prepared to award the ESPC to NORESCO and once awarded, ODU will begin negotiating with NORESCO on the Investment Grade Audit fee and formal Memorandum of Understanding. The total cost of the projects is anticipated to be between \$3,000,000 and \$7,000,000, with an energy savings payback not to exceed 15 years.

Mr. Bradley asked if the 10–15-year payback requires a report and noted that a 15-year period is excessively long. Mr. Brady responded stating that the University will target projects and savings that result in a ten (10) year pay back. They are willing to consider a longer pay back, depending on the repairs that it results in.

Mr. Pitts asked the percent profit that the Energy Service Company (ESCO) would receive, would it be around 30%? Mr. Brady stated that it wouldn't be that high of a percentage and that the final profit and overhead rates will be negotiated prior to entering into a contract.

Mr. Hill asked who is at risk. Mr. Brady noted that the contract entered into will provide guaranteed savings, putting the ESCO at risk. If the projects implemented do not result in the energy savings that are guaranteed, the ESCO will be responsible for making up the difference.

- C. Vice President's Report – In lieu of this report, Vice President Greg DuBois took questions from the Committee.

III. STANDING REPORTS

- A. Investment Report – Ms. Maggie Libby, Associate Vice President for Foundations/CIO presented the Investment Report to the Committee.
- B. Public Safety Update – Chief Rhonda Harris, Assistant Vice President for Public Safety, briefed the Committee on a recent survey the University Police Department conducted, which collected information regarding the public's perception of the ODU Police Department to promote ways the agency listens and responds to community opinions and concerns. The survey was created by the United States Department of Justice's Office of Community Oriented Policing Services and it was edited to fit the University's setting.

The survey assessed five (5) key components: Community Involvement, Safety, Procedural Justice, Performance and Contact and Satisfaction. The survey results found that the community views members of the Old Dominion University Police Department

as fair and respectful. The officers are also viewed as demonstrating concern for our community, while they are working proactively to prevent crimes from occurring.

- C. Capital Outlay Projects Status Report – Vice President DuBois asked if the Committee was agreeable to adding five (5) more minutes to the meeting in order to hear this report. The Committee was in agreement and Mr. David Robichaud, Director of Design and Construction, presented the current status of several projects. Mr. Robichaud thanked Chief Rhonda Harris and her staff for keeping the construction sites safe.

Vice President DuBois added that the Volleyball facility is great and said that Mr. Robichaud and his folks have done an outstanding job on this project.

Vice President DuBois noted that donations towards this project are already coming in. President Broderick and Provost Agho complimented Mr. Robichaud on the project.

There being no further business, the meeting was adjourned at 4:07 p.m.