

MINUTES OF A REGULAR MEETING OF THE
BOARD OF VISITORS OF
VIRGINIA COMMONWEALTH UNIVERSITY
March 20, 1997

A regular meeting of the Board of Visitors of Virginia Commonwealth University was held on Thursday, March 20, 1997, at 9 a.m. in the University Meeting Center.

Present were Messrs. Siegel (Rector), DeRusha, Flippen, Marcus, Markel, Rigsby, Townes and Weinberg; Drs. Perkinson, Smith, Vaughan and White; and Mrs. Vaughan. Mrs. Powell, Mr. Smith and Dr. Wootton were absent. Also present were Drs. Trani, Dewey, Harris, Hiley, Jones and Rhone; Messrs. Bunce, Gehring, Ross, Timmreck and Wyeth; and Mesdames Burnside, Messmer and Price.

Mr. Siegel called the meeting to order and welcomed members of the press.

The President's report followed:

At the January Board meeting, the Board expressed interest in expanding scholarship support for students at Virginia Commonwealth University. In the fiscal year 1996, \$1.4 million was budgeted for undergraduate merit scholarships. To help with the pressing need, VCU will increase the Partners for Progress goal for endowed scholarships from \$6.5 million to \$7.8 million taking scholarships, both current and endowed, to a total of \$15.9 million or 13 percent of the Campaign goal.

The General Assembly approved 1997-98 increases for VCU of 6% for instructional faculty, 4% for administrative and professional faculty, part-time faculty and graduate teaching assistants, and 4% for classified staff. Additional funding and other recommendations were made for a number of items. The Governor recommended \$100,000 in general fund support for the PharmD program. The General Assembly provided an additional \$350,000 for a total general fund increase of \$450,000 for the PharmD program in 1997-98.

The Governor's recommendations included an FTE increase of 197.23 and non-general fund authorization of \$17,442,710 to support the transition to the Hospitals Authority structure. The General Assembly increased the Governor's recommendations by 142.26 FTE and \$13,271,966 in nongeneral funds authorization. As amended, the total for hospital services includes 339.49 FTE and non-general funds authorization of \$30,714,676 and reflects the total amounts requested by VCU.

The General Assembly provided \$42,400 in general funds to provide funding equivalent to the 1997-98 compensation recommendations for State employees for faculty and staff in the Family Practice Residency Program.

The General Assembly included language which permits VCU to use unrestricted nongeneral funds in appropriation for the Auxiliary Enterprises program to make short-term cash flow loans to the Virginia Biotechnology Research Park Authority.

The General Assembly included language which requires all State agencies and higher education institutions to report to the State Comptroller by August 1, 1997, the balance of all local funds under control as of June 30, 1997 as well as the activity of the funds for the year. The Department of Accounts, in consultation with the Auditor of Public Accounts and the Director of the State Council of Higher Education, will report the information, with recommendations, to the Chairmen of the House Appropriations and Senate Finance Committees on or before November 15, 1997.

The General Assembly recommended \$2.3 million in nongeneral funds authorization to renovate the former Jack Thompson properties for the University's Sports Medicine and Athletics Department.

The Finance and Investment Committee held the first of two training sessions in January. The second session will begin immediately following the Board of Visitors' luncheon on March 20. Topics will include information on understanding the operating budget and financial statements.

Freshman applications are 15% ahead of last year's freshman applications with acceptances up by 18%.

Mr. Flippen reported for the Academic Policy Committee. The Committee met with members of the Faculty Senate. Subjects discussed were:

Increased involvement in decision-making in the University in the

following areas:

- Summer school budget
- Graduate school by-laws
- Information technology
- Budget planning -- the relationship of retention to budget, a better understanding of the budget and how the budget supports the values of the institution

Emerging issues

- The need to support undergraduate education
- The need to support medical education and the decline in clinical income in the School of Medicine

A Faculty Profile was presented. The profile showed the tenure status of the 1,498 full-time, active instructional faculty at VCU. Highlights of the report included:

- The decline in faculty on tenure track and an increase in collateral positions, especially for females and minorities
- Downsizing in the faculty related to early retirements

A Report on Faculty Development was presented. An Office of Faculty and Instructional Development has been established in the Office of the Provost, emphasizing excellence in teaching and professional development for department chairs and directors. A report on the initiative covered plans for the enhancement of teaching, including the Teaching Excellence Grant Program and a series of workshops and seminars underway and planned.

An Update on the Strategic Plan for the Future of VCU, Phase II was presented. The goal of Phase II of the Strategic Plan for the Future of VCU is to refocus the planning process on strategic themes in light of the third-year implementation report. Steering committees have been established for each strategic theme, and presentation of the refocused strategic plan is expected at the May,

1997, meeting of the Board of Visitors. The discussion pointed to the need to move expeditiously to an implementation plan on the theme addressing the identity and marketing of the University.

Mr. DeRusha reported for the Advancement Committee. The External Relations Report was presented. The 1997 Session of the Virginia General Assembly adjourned on February 22, 1997. VCU and higher education fared well in the budget bill. Members of the General Assembly were invited to attend or participate in a number of events hosted by VCU. The legislators' participation was significant. On January 14, Councilman Tim Kaine hosted a meeting regarding the revitalization of Monroe Park. City Manager Robert Bobb proposed \$150,000 in the City's budget for upgrades. VCU has been asked to participate in developing a "Monroe Park Master Plan." On January 14, the Academic Community Advisory Board meeting was hosted by the Midtown West Association, and the MCV Community Advisory Board meeting was held on January 21, at the Valentine Museum. Members of the Academic and MCV Community Advisory Boards were invited to, and attended in great numbers, the final men's home basketball game against the University of Richmond.

Dr. Perkinson reported for the Finance and Investment Committee. The Management Principles and Guidelines for Relationships with University-related Foundations and other Affiliated Organizations were presented. The Principles and Guidelines were originally adopted by the Board of Visitors in 1990 and subsequently amended in January 1993. The Management Principles and Guidelines for Relationships with University-Related Foundations and other Affiliated

Organizations document was amended with the following revisions: (1) designate the Audit and Management Services Department of the University with responsibility to perform the annual review of activities to ensure compliance with the guidelines and (2) add the term affiliate to the conditions in section B2e. The Insurance Coverage Summary was presented for information.

Dr. White reported for the Health Affairs Committee. The Hospital Finances were presented. For the operating revenue: Budgeted reductions in Medicare have not yet occurred, and the increased inpatient volume and improved rate adjustments in contracts over what was budgeted contributed to additional revenue of \$2.4M or 1.1% for the period. The Hospitals continues efforts to work with the Medicare intermediary to determine the appropriate Medicare liability. For operating expenses: The Hospitals continues departmental expense controls and expenses within .6% of the budget even with the increase in the inpatient census for the seven month period. The above operating revenue and operating expenses resulted in an excess of \$8.1M compared to a budget of \$6.9M.

The Statistics for eight months ending February, 1997, were presented. The volume of inpatient days continue to exceed the budget by 7,747, while admissions are only above the budget by 2. Emergency Room visits are (9,706) below budget while system outpatient visits are above budget 13,130. Operating revenue is \$258.0M compared to a budget of \$255.2M, for a positive variance of \$2.8M. Continued expense monitoring for the eight-month period resulted in total expenses for the period of \$251.9M which compares to a budget of \$248.7M

for a negative variance of only \$(3.2M). The expense variance results from an adjustment to accrued leave, increased cost of group life insurance, reagents and minor equipment purchases, and equipment repairs. The above revenue and expenses result in an excess for the eight months ending February 28, 1997, of \$6.4M, compared to a budget of \$6.8M.

The Capital Equipment and Renovations Release was presented. The Hospitals request a release of the fourth quarter FY96 and first and second quarters of FY97 funded depreciation in the amount of \$15,222,000 for the purchase of capital equipment and renovations. The funding priorities were reviewed and approved by a committee comprised of medical staff department chairs and hospital administration.

Mr. Weinberg reported for the Property Committee. The Invitation for Bids for the Housekeeping Services Contract was presented. Through continued privatization, the quality of housekeeping services will be improved and be more cost effective. An Invitation for Bids will be issued in compliance with all State procurement regulations. The awarded contract will start on August 1, 1997.

The Revised Occupancy Agreement for Biotech One with the Institute for Structural Biology and Drug Discovery was presented. Under the terms of the Master Lease Agreement between VCU and the Virginia Biotechnology Research Park Authority, VCU wishes to lease approximately 14,373 square feet of space in Biotech One for use by the Institute for Structural Biology and Drug Discovery. Cost of improvements is not expected to exceed \$2,554,000 (VCU is providing \$550,000, an Economic Development Agency grant is providing

\$620,000, and the remaining \$1,384,000 will be borrowed from the banking syndicate as a tenant improvement loan).

The Revised Lease for Biotech One with Insmed Pharmaceuticals, Inc. was presented. Under the terms of the Master Lease Agreement between VCU and the Virginia Biotechnology Research Park Authority, VCU wishes to sublease approximately 5,380 square feet of space in Biotech One for use by Insmed Pharmaceuticals, Inc. Cost of improvements is not expected to exceed \$911,000 (an Economic Development Agency grant is providing \$170,000 of the amount and the remaining \$741,000 will be borrowed from the banking syndicate as a tenant improvement loan).

The Revised Space Lease for Biotech One with Immunotox, Inc. was presented. Under the terms of the Master Lease Agreement between VCU and the Virginia Biotechnology Research Park Authority, VCU wishes to sublease approximately 1,400 square feet of space in Biotech One for use by Immunotox, Inc. The cost of improvements is not expected to exceed \$360,000 (an Economic Development Agency grant is providing \$210,000 of the amount and the remaining \$150,000 will be borrowed from the banking syndicate as a tenant improvement loan). The Committee received notification of Contract Awards for the following items: Institutional Waste Management Services, Signage Procurement Contract, Urology Department Renovations and West Hospital HVAC.

Mr. Townes reported for the Student Affairs Committee. The Committee met with a group of students from both campuses and several different program areas. Subjects discussed were: safety, transportation, parking, cost of medical

education, and costs for out-of-state graduate students. Other items included the need for better integration of students (especially commuting students) into the life of the University.

A Report on the Student Co-Op Programs was presented. Cooperative education is an educational program allowing undergraduate and graduate students to integrate periods of academic studies with periods of relevant work experience in academic disciplines. The report covered the VCU Cooperative Education Program, in operation for more than fifteen years. Over 350 organizations and businesses have participated, and about 300 students are placed each year.

On motion made and seconded, the following items from the consent were approved:

Board of Visitors

Minutes of a Meeting held January 16, 1997

Academic Policy Committee

Minutes of a Meeting held January 15, 1997

Advancement Committee

Minutes of a Meeting held January 15, 1997

Audit Committee

Minutes of a Meeting held January 16, 1997

Finance and Investment Committee

Minutes of a Special Meeting held January 15, 1997

Minutes of a Meeting held January 15, 1997

Amendments to the Management Principles and
Guidelines for Relationships with University-
Related Foundations and Other Affiliated
Organizations

Health Affairs Committee

Minutes of a Meeting held January 15, 1997

Capital Release

Property Committee

Minutes of a Meeting held January 15, 1997

Invitation for Bids: Housekeeping Services Contract

Revised Occupancy Agreement: Biotech One with the
Institute for Structural Biology and Drug Discovery
Revised Lease for Biotech One with Insmmed
Pharmaceuticals, Inc.
Revised Lease for Biotech One with Immunotox, Inc.
Student Affairs Committee
Minutes of a Meeting held January 15, 1997

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

Mr. Siegel appointed the Board Nominating Committee for the Rector.

Mr. Markel was asked to serve as Chair with Messrs. Townes and Flippen serving as members.

On motion made and seconded, the Board convened into executive session to discuss certain personnel matters involving the performance of identifiable employees or faculty of VCU, and to discuss the evaluation of performance of departments or schools of VCU where such matters regarding such individuals might be affected by such evaluation including the Draft Affiliation Agreement between Virginia Commonwealth University and the Medical College of Virginia Hospitals Authority, the Draft Bylaws for the Medical College of Virginia Hospitals Authority, the Draft Master Lease, the Draft Clinical, Educational and Research Services Agreement, the Draft Operations and Services Agreement, the Draft Transfer Agreement, the Faculty Appointments and Changes in Status and other Personnel Actions, the Full and Consultative Hospital Privileges, the Semi-Annual Performance Improvement Report and the Report of the Vice President for Health Sciences, and to discuss legal matters and probable litigation with its

attorney including the Report of the General Counsel and the aforementioned Audit Reports as may be necessary, and to discuss the investing of public funds including an Investment Performance Report and Annual Investment Manager Review and the University Health Services, Inc. Transfer of Funds, and to discuss matters relating to gifts, bequests, and fundraising activities including the Campaign Update, the Development Report, the Alumni and Friends Challenge Report, the Acceptance of Gift of Real Estate and the approval of the Named Funds Report, and to discuss matters relating to honorary degrees and special awards including the Board of Visitors' Award Selection as authorized by Section 2.1-344 a(1), a(6), a(7), a(8) and (a)10 of the Virginia Freedom of Information Act.

Following executive 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 executive session meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the executive session meeting were heard, discussed or considered by the Board of Visitors of Virginia Commonwealth University.

<u>Roll Call Vote</u>	<u>Ayes</u>	<u>Nays</u>
Mr. Stuart C. Siegel, Rector	X	
Mr. William C. DeRusha	X	
Mr. Edward L. Flippen	X	
Mr. M. Boyd Marcus, Jr.	X	
Mr. Steven A. Markel	X	
Dr. W. Baxter Perkinson, Jr.	X	
Ms. Diane Linen Powell	Absent	
Mr. Robert E. Rigsby	X	
Dr. Lindley T. Smith	X	

Mr. Ted L. Smith	Absent
Mr. Clarence L. Townes, Jr.	X

<u>Roll Call Vote</u>	<u>Ayes</u>	<u>Nays</u>
Dr. David A. Vaughan	X	
Ms. Sandra M. Adair Vaughan	X	
Mr. Jay M. Weinberg	X	
Dr. H. George White, Jr.	X	
Dr. Percy Wootton	Absent	


Vote:

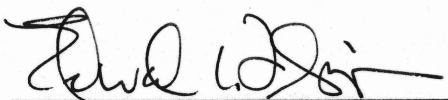
Ayes: 13
Nays: 0

ABSENT DURING MEETING: 3
ABSENT DURING VOTING: 3

On motion made and seconded, the Board accepted the Report of the President; approved Faculty Appointments and Changes in Status and other Personnel Actions including the appointment of Dr. Cecil Drain as Dean of the School of Allied Health Professions and the Full and Consultative Hospital Privileges; accepted the Named Funds Report, the Semi-annual Performance Improvement Report; approved the University Health Services, Inc. Transfer, the Acquisition of Property, the Acceptance of a Gift of Real Estate; accepted the Report of the Special Awards Committee; approved the Board of Visitors' Award Selection and accepted the executive session Committee Reports and the Report of the General Counsel.

The meeting was adjourned at 12:10 p.m.



Stuart C. Siegel, Rector

Edward L. Flippen, Secretary