

VCU Board of Visitors

V i r g i n i a C o m m o n w e a l t h U n i v e r s i t y

Aug. 25, 2011 Meeting of the Board of Visitors of Virginia Commonwealth University

Minutes

A regular meeting of the Board of Visitors of Virginia Commonwealth University was held on Thursday, August 25, 2011, at 9 a.m. in the Richmond Salons located in the University Student Commons at 907 Floyd Avenue.

Present were Messrs. Snead (Rector), Ginther, McCandlish, McMurtrie, Royall, Shenoy and Siegel. Drs. Dave, Doswell, and Perkinson; and Mesdames James and Stone. Dr. Broaddus; Messrs. Farrell and Jackson and Mrs. Lambert were absent. Also present were Drs. Rao, Allison, Andrews, Coleman, Corey, Hanson, Huff, Retchin, Rhone, Rodriguez and Warren; Messrs. Blohm, Bunce, Cole, Fauri, Jez, Litton, McDougall, Ohlinger, Ream and Rubin; and Mesdames Balmer, Currey, Lepley, and Parmley.

The Rector welcomed the new members of the Board. The President's Report followed. The President also welcomed the new members of the Board, Mr. Royall, Mr. Shenoy and Ms. Stone. Faculty representatives, Mr. Fauri and Dr. Corey; staff representative, Mr. Alcaine; and student representatives, Mr. Gigliotti and Mr. Vyas; and new members of the administration David Hanson, James Coleman and William Cole were also introduced. The President reported on highlights in his annual report and informed the Board of his appointment to the Board of Directors of the Innovation and

Entrepreneurship Investment Authority (IEIA), which oversees the Center for Innovative Technology (CIT).

Mr. McCandlish reported for the Academic and Health Affairs Policy Committee.

The following items were presented for information:

Quest for Distinction

a. Metrics for Academic and Health Affairs

b. VCU Tech Transfer

Strategic Enrollment Management

a. Admissions Report

VCU Health System – FY 2012 Operating Budget

School of Dentistry Report

University College Report

Faculty Senate Report

Staff Senate Report

Mr. Ginther reported for the Audit and Compliance Committee. The Audit and Management Services Charter – Annual Update was presented. In accordance with the *International Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors, the Audit and Compliance Committee's Charter documents the purpose, authority and responsibility of the audit and management functions. The Charter is reviewed annually to ensure that the Charter remains responsive to the *Standards* and to the needs of the University. The *Standards* have been updated to address 1) governance responsibilities; 2) audit reporting requirements; and 3) how the *Standards* define auditing. The Audit and Compliance Committee recommended to the full Board the approval of the revisions to the Audit and Management Services Charter.

The following items were presented for information:

Auditor of Public Accounts – Status of the Audit for the Year Ended

June 30, 2011

Department of Assurance Services – Staff Credentials and Department Budget

FY 2012 Goals and Objectives
Committee Member Reference Manual

Dr. Doswell reported for the External and Alumni Relations Committee. The following items were presented for information:

Report of the Vice President for Development and Alumni Relations
Development Report (Metrics)
Alumni Report
Government Relations Report
Public Relations and Marketing Communications Report

Mr. Siegel reported for the Finance, Investment and Property Committee. The Ackell Residence Center Financing and Support Agreement and Amendment to Existing Documents were presented. Virginia Commonwealth University (the University) will issue its promissory note to secure bonds issued by Virginia College Building Authority (VCBA) to provide funds to the Virginia Commonwealth University Real Estate Foundation (the Foundation) to refund any outstanding bonds issued by the Industrial Development Authority of the city of Richmond, Virginia, issued on December 2000, to finance a student housing project (the Project) constructed for the benefit of the foundation and used exclusively for University student housing. Refinancing of the original debt will allow for substantial interest rate savings over the remaining life of the bonds. The Finance, Investment and Property Committee recommended to the full Board the approval of the Ackell Residence Center financing and Support Agreement and Amendment to Existing Documents.

The following Debt Resolutions were presented and discussed. The Finance, Investment and Property Committee recommended to the full Board the approval of the below resolutions:

**RESOLUTION OF THE
BOARD OF VISITORS OF
VIRGINIA COMMONWEALTH UNIVERSITY**

**VCBA BONDS FOR SCHOOL OF MEDICINE BUILDING
AND RELATED SUPPORT AGREEMENT**

WHEREAS, pursuant to Chapter 3.2, Title 23 of the Code of Virginia of 1950, as amended (the “Act”), the General Assembly of Virginia has authorized the Virginia College Building Authority (the “Authority”) to develop a pooled bond program (the “Program”) to purchase bonds and other debt instruments issued by public institutions of higher education in the Commonwealth of Virginia (the “Institutions”) to finance or refinance the construction of projects of capital improvement specifically included in a bill passed by a majority of those elected to each house of the General Assembly of Virginia (the “Projects”);

WHEREAS, the Authority intends to issue from time to time under the Program its Educational Facilities Revenue Bonds (Public Higher Education Financing Program) (the “2011 Bonds”) to finance the purchase of notes and other debt instruments issued by the Institutions to finance or refinance the Projects, all in the furtherance of the purposes of the Act and the Program;

WHEREAS, Chapter 6.1, Title 23 of the Virginia Code, creates Virginia Commonwealth University (the “University”), which is governed by a Board of Visitors (the “Board”) vested with the supervision, management and control of the University;

WHEREAS, the University is empowered to incur indebtedness pursuant to (1) Chapter 4.10, Title 23 of the Virginia Code, especially Section 23-38.108, and (2) Chapter 594 of the Acts of Assembly of 2008, being the 2008 Management Agreement between the Commonwealth of Virginia (the “Commonwealth”) and Virginia Commonwealth University, especially Exhibit F, Section X;

WHEREAS, the Board may from time to time wish to finance or refinance Projects for the University through the Program;

WHEREAS, if the University wishes to finance or refinance a Project through the Program, it will be necessary for the University to enter into a Loan Agreement (a “Loan Agreement”) between the Authority and the University and, to evidence the loan to be made by the Authority to the University pursuant to the Loan Agreement, to issue the University’s promissory note (the “Note”), and the Authority will agree to issue its Bonds and to use certain proceeds of the Bonds to purchase the Note issued by the University, and the University will agree to use the proceeds of the Bonds received from the Authority to finance or refinance the construction of the Project and to make

payments under the Loan Agreement and the Note in sums sufficient to pay, together with certain administrative and arbitrage rebate payments, the principal of, premium, if any, and interest due on that portion of the Bonds issued to purchase the Note;

WHEREAS, the University now proposes to sell to the Authority the University's Note (the "2011 School of Medicine Note") to be issued under a Loan Agreement (the "2011 School of Medicine Loan Agreement") to finance or refinance, from all or a portion of the proceeds of certain Bonds issued by the Authority in 2011, with appropriate series designation depending on their issuance date (the "Series 2011 Bonds"), certain costs of acquiring, constructing and equipping a 200,000 square foot multipurpose facility to address educational, training and research needs in medicine, pharmacy and other health services (the "Medical Education Project"), which has been authorized for bond financing by the General Assembly; and

WHEREAS, in connection with the issuance of the 2011 School of Medicine Note and the 2011 Bonds, the University expects to enter a Financing Agreement (the "Financing Agreement") with the Medical College of Virginia Foundation (the "Foundation") pursuant to which the Foundation will assume certain obligations with respect to the construction of the Medical Education Project and the Series 2011 Bonds, and there has been presented to this meeting a draft of such Financing Agreement; and

WHEREAS, it is the desire of the Board to delegate to Authorized Officers (as hereinafter defined) of the University the authority to approve, on behalf of the Board:

I. The forms of the 2011 Loan Agreement and the 2011 School of Medicine Note and, similarly, to authorize such Authorized Officers of the University to execute, deliver and issue in the name of and on behalf of the University, the 2011 Loan Agreement, the 2011 School of Medicine Note and any and all documents necessary or desirable to effectuate the financing or refinancing of all or a portion of the costs of the Medical Education Project through the Program with the Authority and to facilitate the purchase of the 2011 School of Medicine Note by the Authority; and

II. The final form of the Financing Agreement, reflecting the final plan of finance for the Medical Education Project, including the final amount of the Series 2011 Bonds issued for the Medical Education Project and the contributions to be made by the Foundation in terms of both funds utilized for construction and the Foundation's agreement to pay a portion of the debt service on the Series 2011 Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF VISITORS OF VIRGINIA COMMONWEALTH UNIVERSITY:

Section 1. The Medical Education Project is hereby designated a Project to be undertaken and financed or refinanced by the Authority and, accordingly, the Rector, the President, the Vice President for Finance and Administration and the Associate Vice President for Business Services and Treasurer of the University (collectively, the

“Authorized Officers”) are each hereby delegated and invested with full power and authority to approve the forms of the 2011 Loan Agreement and 2011 School of Medicine Note, and any pledge to the payment of the 2011 School of Medicine Note of the University’s total gross university sponsored overhead, unrestricted endowment income, tuition and fees, indirect cost recoveries, auxiliary enterprise revenues, general and nongeneral fund appropriations and other revenues not required by law or by previous binding contract to be devoted to some other purpose, restricted by a gift instrument for another purpose or excluded from such pledge as provided in the 2011 Loan Agreement, and such approval is hereby authorized, subject to the provisions of Section 3 hereof.

Section 2. Subject to the provisions of Section 3 hereof, the Authorized Officers are each hereby individually delegated and invested with full power and authority to execute, deliver and issue, on behalf of the Board, (a) the 2011 Loan Agreement and the 2011 School of Medicine Note with the approval of such documents in accordance with Section 1 hereof by any such officer evidenced conclusively by the execution and delivery of the 2011 Loan Agreement and 2011 School of Medicine Note, respectively, and (b) any and all other documents, instruments or certificates as may be deemed necessary or desirable to consummate the refunding of the 2000 IDA Bonds through the Program and the University’s participation in the Program, and to further carry out the purposes and intent of this Resolution. The Authorized Officers are directed to take such steps and deliver such certificates prior to the delivery of the 2011 School of Medicine Note as may be required under existing obligations of the University, including bond resolutions and certificates relating to the University’s outstanding general revenue pledge bonds.

Section 3. The authorizations given above as to the approval, execution, delivery and issuance of the 2011 Loan Agreement and the 2011 School of Medicine Note are subject to the following parameters: (a) the principal amount to be paid under the 2011 School of Medicine Note together with the principal amount of any other indebtedness with respect to the Medical Education Project, shall not be greater than the amount authorized for such Project by the General Assembly of Virginia plus amounts needed to fund issuance costs and other financing expenses, including capitalized interest, or any other increase permitted by law, (b) the aggregate principal amount of the 2011 School of Medicine Note shall in no event exceed \$67,636,000, as the same may be so increased, (c) the composite interest rate payable under the 2011 School of Medicine Note shall not exceed a “true” or “Canadian” interest cost more than 50 basis points higher than the interest rate for “AA” rated securities with comparable maturities, as reported by Delphis Hanover, or another comparable service or index, on the date that the interest rates on the 2011 School of Medicine Note are determined, taking into account original issue discount or premium, if any, (d) the weighted average maturity of the principal payments due under the 2011 School of Medicine Note shall not be in excess of [20] years, (e) the last principal payment date under the 2011 School of Medicine Note shall not extend beyond the period of the reasonably expected average weighted economic life of the Medical Education Project, and (f) subject to the foregoing, the actual amount, interest rates,

maturities, and date of the 2011 School of Medicine Note shall be approved by an Authorized Officer, which approval will be evidenced by the execution of the 2011 Note.

Section 4. The Board acknowledges, on behalf of the University, that if the University fails to make any payments of debt service due under any Loan Agreement or Note, including the 2011 Loan Agreement and the 2011 School of Medicine Note, the Program authorizes the State Comptroller to charge against the appropriations available to the University all future payments of debt service on that Loan Agreement and Note when due and payable and to make such payments to the Authority or its designee, so as to ensure that no future default will occur on such Loan Agreement or Note.

Section 5. The Board agrees that if the Authority determines that the University is an “obligated person” under Rule 15c2-12 of the Securities and Exchange Commission with respect to any issue of Bonds, the University will enter into a continuing disclosure undertaking in form and substance reasonably satisfactory to the Authority and the University and will comply with the provisions and disclosure obligations contained therein.

Section 6. The Authorized Officers are each hereby delegated and invested with full power and authority to approve the form of, and execute, the Financing Agreement reflecting the final plan of finance for the Medical Education Project and the agreements of the Foundation to provide support therefore.

Section 7. This resolution shall take effect immediately upon its adoption.

RESOLUTION
Commonwealth of Virginia Treasury Board
Ackell Residence Center

WHEREAS, pursuant to Chapter 3.2, Title 23 of the Code of Virginia of 1950, as amended (the “Act”), the General Assembly of Virginia has authorized the Virginia College Building Authority (the “Authority”) to develop a pooled bond program (the “Program”) to purchase bonds and other debt instruments issued by public institutions of higher education in the Commonwealth of Virginia (the “Institutions”) to finance or refinance the construction of projects of capital improvement specifically included in a bill passed by a majority of those elected to each house of the General Assembly of Virginia (the “Projects”);

WHEREAS, the Authority intends to issue from time to time under the Program its Educational Facilities Revenue Bonds (Public Higher Education Financing Program) (the “2011 Bonds”) to finance the purchase of notes and other debt instruments issued by the Institutions to finance or refinance the Projects, all in the furtherance of the purposes of the Act and the Program;

WHEREAS, Chapter 6.1, Title 23 of the Virginia Code, creates Virginia Commonwealth University (the “University”), which is governed by a Board of Visitors (the “Board”) vested with the supervision, management and control of the University;

WHEREAS, the University is empowered to incur indebtedness pursuant to (1) Chapter 4.10, Title 23 of the Virginia Code, especially Section 23-38.108, and (2) Chapter 594 of the Acts of Assembly of 2008, being the 2008 Management Agreement between the Commonwealth of Virginia (the “Commonwealth”) and Virginia Commonwealth University, especially Exhibit F, Section X;

WHEREAS, the Board may from time to time wish to finance or refinance Projects for the University through the Program;

WHEREAS, if the University wishes to finance or refinance a Project through the Program, it will be necessary for the University to enter into a Loan Agreement (a “Loan Agreement”) between the Authority and the University and, to evidence the loan to be made by the Authority to the University pursuant to the Loan Agreement, to issue the University’s promissory note (the “Note”), and the Authority will agree to issue its Bonds and to use certain proceeds of the Bonds to purchase the Note issued by the University, and the University will agree to use the proceeds of the Bonds received from the Authority to finance or refinance the construction of the Project and to make payments under the Loan Agreement and the Note in sums sufficient to pay, together with certain administrative and arbitrage rebate payments, the principal of, premium, if any, and interest due on that portion of the Bonds issued to purchase the Note;

WHEREAS, the University now proposes to sell to the Authority the University’s Note (the “2011 Ackell Note”) to be issued under a Loan Agreement (the “2011 Loan Agreement”) to refund, from all or a portion of the proceeds of certain Bonds issued by the Authority in 2011, with appropriate series designation depending on their issuance date (the “Series 2011 Bonds”), all of the outstanding Student Housing Revenue Bonds (Virginia Commonwealth University Real Estate Foundation), Series 2000 (the “2000 IDA Bonds”), previously issued by the Industrial Development Authority of the City of Richmond, Virginia, to finance the acquisition, construction, equipping and furnishing of student housing facilities now known as Ackell Residence Center (the “Ackell Project”), with such Project having been authorized for bond financing by the General Assembly prior to the issuance of the 2000 IDA Bonds; and

WHEREAS, it is the desire of the Board to delegate to Authorized Officers (as hereinafter defined) of the University the authority to approve, on behalf of the Board, the forms of the 2011 Loan Agreement and the 2011 Ackell Note and, similarly, to authorize such Authorized Officers of the University to execute, deliver and issue in the name of and on behalf of the University, the 2011 Loan Agreement, the 2011 Ackell Note and any and all documents necessary or desirable to effectuate the refunding of the 2000 IDA Bonds through the Program with the Authority and to facilitate the purchase of the 2011 Ackell Note by the Authority.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF VISITORS OF VIRGINIA COMMONWEALTH UNIVERSITY:

Section 1. The Ackell Project is hereby designated a Project to be undertaken and financed or refinanced by the Authority through the refunding of the 2000 IDA Bonds and, accordingly, the Rector, the President, the Vice President of Finance and Administration and the Associate Vice President for Business Services and Treasurer of the University (collectively, the “Authorized Officers”) are each hereby delegated and invested with full power and authority to approve the forms of the 2011 Loan Agreement and 2011 Ackell Note, and any pledge to the payment of the 2011 Ackell Note of the University’s total gross university sponsored overhead, unrestricted endowment income, tuition and fees, indirect cost recoveries, auxiliary enterprise revenues, general and nongeneral fund appropriations and other revenues not required by law or by previous binding contract to be devoted to some other purpose, restricted by a gift instrument for another purpose or excluded from such pledge as provided in the 2011 Loan Agreement, and such approval is hereby authorized, subject to the provisions of Section 3 hereof.

Section 2. Subject to the provisions of Section 3 hereof, the Authorized Officers are each hereby individually delegated and invested with full power and authority to execute, deliver and issue, on behalf of the Board, (a) the 2011 Loan Agreement and the 2011 Ackell Note with the approval of such documents in accordance with Section 1 hereof by any such officer evidenced conclusively by the execution and delivery of the 2011 Loan Agreement and 2011 Ackell Note, respectively, and (b) any and all other documents, instruments or certificates as may be deemed necessary or desirable to consummate the refunding of the 2000 IDA Bonds through the Program and the University’s participation in the Program, and to further carry out the purposes and intent of this Resolution. The Authorized Officers are directed to take such steps and deliver such certificates prior to the delivery of the 2011 Ackell Note as may be required under existing obligations of the University, including bond resolutions and certificates relating to the University’s outstanding general revenue pledge bonds.

Section 3. The authorizations given above as to the approval, execution, delivery and issuance of the 2011 Loan Agreement and the 2011 Ackell Note are subject to the following parameters: (a) the aggregate principal amount of the 2011 Bonds shall not exceed the amount needed (i) to refund the 2000 IDA Bonds, including a redemption premium of 1%, and (ii) to pay issuance expenses, and in no event shall exceed \$13,650,000, (b) the composite interest rate payable under the 2011 Ackell Note shall not exceed a “true” or “Canadian” interest cost more than 50 basis points higher than the interest rate for “AA” rated securities with comparable maturities, as reported by Delphis Hanover, or another comparable service or index, on the date that the interest rates on the 2011 Ackell Note are determined, taking into account original issue discount or premium, if any, (c) the weighted average maturity of the principal payments due under the 2011 Ackell Note shall not be in excess of 20 years, (d) the last principal payment date under the 2011 Ackell Note shall not extend beyond the period of the reasonably expected average weighted economic life of the Project, and (e) subject to the foregoing, the actual

amount, interest rates, maturities, and date of the 2011 Ackell Note shall be approved by an Authorized Officer, which approval will be evidenced by the execution of the 2011 Note.

Section 4. The Board acknowledges, on behalf of the University, that if the University fails to make any payments of debt service due under any Loan Agreement or Note, including the 2011 Loan Agreement and the 2011 Ackell Note, the Program authorizes the State Comptroller to charge against the appropriations available to the University all future payments of debt service on that Loan Agreement and Note when due and payable and to make such payments to the Authority or its designee, so as to ensure that no future default will occur on such Loan Agreement or Note.

Section 5. The Board agrees that if the Authority determines that the University is an “obligated person” under Rule 15c2-12 of the Securities and Exchange Commission with respect to any issue of Bonds, the University will enter into a continuing disclosure undertaking in form and substance reasonably satisfactory to the Authority and the University and will comply with the provisions and disclosure obligations contained therein.

Section 6. The Authorized Officers and all other officers of the University are authorized to take all steps necessary or desirable to effect the refunding of the Series 2000 IDA Bonds, including without limitation, the execution of documents and the purchase of securities necessary to provide for the defeasance of the 2000 IDA Bonds until their redemption on January 1, 2012.

Section 7. The Authorized Officers and all other officers of the University are authorized to take all steps necessary or desirable to effect amendments to the arrangements with the Virginia Commonwealth University Real Estate Foundation (the “Foundation”) for the operation and management of the Ackell Project reflecting the issuance of the 2011 Bonds and the refunding of the Series 2000 IDA Bonds, including without limitation the execution of a Financing and Support Agreement and Amendment to Existing Documents (the “Foundation Agreement”) between the University and the Foundation providing for the payment of debt service on the 2011 Ackell Note by the Foundation from revenues of the Project, with the Foundation Agreement in substantially the form presented to this meeting with such changes as may be approved by the Authorized Officer executing such document.

Section 8. This resolution shall take effect immediately upon its adoption.

RESOLUTION
Commonwealth of Virginia Treasury Board
West Grace Street Housing North

WHEREAS, there have been passed by the General Assembly of Virginia and signed by the Governor acts entitled “Commonwealth of Virginia Higher Educational

Institutions Bond Act of 2011” (the “2011 Act”), “Commonwealth of Virginia Higher Educational Institutions Bond Act of 2010” (the “2010 Act”), “Commonwealth of Virginia Parking Facilities Bond Act of 2009” (the “2009 Parking Act”), “Commonwealth of Virginia Higher Educational Institutions Bond Act of 2009” (the “2009 Bond Act”), Commonwealth of Virginia Higher Educational Institutions Bond Act of 2008” (the “2008 Act”), “Commonwealth of Virginia Higher Educational Institutions Bond Act of 2007” (the “2007 Act”), and Commonwealth of Virginia Higher Educational Institutions Bond Act of 2006” (the “2006 Act” and, together with the 2007 Act, 2008 Act, 2009 Parking Act, 2009 Bond Act, 2010 Act, and the 2011 Act, the “Acts”);

WHEREAS, pursuant to the Acts, the Treasury Board of the Commonwealth of Virginia (the “Treasury Board”) is authorized, by and with the consent of the Governor, to sell and issue bonds or bond anticipation notes of the Commonwealth of Virginia (the “Commonwealth”) for the purpose of providing funds, together with other available funds, for paying the cost of acquiring, constructing, renovating, enlarging, improving and equipping certain revenue-producing capital projects at certain institutions of higher learning of the Commonwealth and for paying issuance costs, reserve funds and other financing expenses (the “Financing Expenses”), all in accordance with the provisions of Section 9(c) of Article X of the Constitution of Virginia;

WHEREAS, for Virginia Commonwealth University (the “University” or the “Institution”), such revenue-producing capital projects include the West Grace Street Housing Project, Capital Outlay Project Number 17896 (the “Project”); and

WHEREAS, the Treasury Board is proposing to sell and issue bonds or bond anticipation notes pursuant to the Acts for the Project, in one or more series;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF VISITORS OF VIRGINIA COMMONWEALTH UNIVERSITY:

Section 1. The Board of Visitors of the University (the “Board”) requests the Treasury Board to sell and issue bonds (the “Bonds”) or bond anticipation notes (“BANs”) in an aggregate principal amount not to exceed \$29,000,000 to finance all or a portion of the costs of the Project plus Financing Expenses (the “Project Bonds” or “Project Notes” and, collectively, the “Project Borrowing”). The Project Borrowing will be identified by amount by the State Treasurer upon issuance of any Bonds or BANs.

Section 2. With respect to the Project, the Board (a) covenants to fix, revise, charge and collect fees and other charges, for or in connection with the use, occupation and services of the Project and (b) pledges such rates, fees and charges remaining after payment of the expenses of operating the Project (the “Project Net Revenues”) to the payment of the principal of, premium, if any, and interest on the Project Borrowing. The Board further covenants that it will fix, revise, charge and collect such rates, fees and charges in such amounts so that Project Net Revenues will at all times be sufficient to

pay, when due, the principal of, premium, if any, and interest on the Project Borrowing and on any other obligations secured by the Project Net Revenues (such payments collectively the “Required Payments”). The Project Borrowing shall be secured on a parity with other obligations by the Project Net Revenues (other than any obligations secured by a prior right in Project Net Revenues). Any Project Net Revenues pledged herein in excess of the Required Payments for the Project Borrowing may be used by the Institution for any other lawful purpose.

Section 3. It is hereby found, determined and declared that, based upon responsible engineering and economic estimates and advice of appropriate officials of the Institution, as shown on the Financial Feasibility Study attached hereto as Exhibit A, the anticipated Project Net Revenues pledged herein will be sufficient to pay the Required Payments for the Project so long as the aggregate amount of net debt service on the Project Borrowing actually payable in any bond year does not exceed the amounts assumed in the Financial Feasibility Study relating thereto.

Section 4. The Board covenants that the Institution will furnish the Treasury Board its general purpose financial statements, within 30 days of their issuance and receipt, audited by a firm of certified public accountants or the Auditor of Public Accounts, which Financial Statements shall include a schedule of revenues and expenditures for auxiliary enterprise systems. If Project Net Revenues are insufficient to pay Required Payments during such period, the Institution shall provide evidence of a plan to generate Project Net Revenues sufficient to make such Required Payments in the future.

Section 5. The Board covenants that so long as any of the Project Notes are outstanding, the Institution will pay to the State Treasurer, not less than 30 days before each interest payment date, an amount estimated by the State Treasurer to be due and payable on such date as interest on the Project Notes. The Board covenants that so long as any of the Project Bonds are outstanding, the Institution will pay to the State Treasurer, not less than 30 days before each interest or principal payment date, the amount certified by the State Treasurer to be due and payable on such date as principal of, premium, if any, and interest on the Project Bonds.

Section 6. The Board covenants that the Institution will pay from time to time its proportionate share of all expenses incurred in connection with the sale and issuance of any series of Bonds that includes Project Bonds or Project Notes and all expenses thereafter incurred in connection with the Bonds, including without limitation the expense of calculating any rebate to the United States of the earnings derived from the investment of gross proceed of the Bonds, all as certified by the State Treasurer to the Institution.

Section 7. The Board covenants that the Institution will not take or omit to take any action the taking or omission of which will cause the Bonds to be “arbitrage bonds”

within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, including regulations issued pursuant thereto (the “Code”), or otherwise cause interest on the Bonds to be includable in the gross income of the owners thereof for federal income tax purposes under existing laws. Without limiting the generality of the foregoing, the Institution will pay from time to time its proportional share of any rebate to the United States of the earnings derived from the investment of the gross proceeds of the Bonds.

Section 8. The Board covenants that the Institution will proceed with due diligence to undertake and complete the Project and that the Institution will spend all of the available proceeds derived from the sale of the Project Borrowing for costs associated with the Project and appropriated for the Project by the General Assembly.

Section 9. The Board covenants that the Institution will not permit the proceeds of the Project Borrowing to be used in any manner that would result in (a) 5% or more of such proceeds being used in a trade or business carried on by any person other than a governmental unit, as provided in Section 141(b) of the Code, (b) 5% or more of such proceeds being used with respect to any output facility within the meaning of Section 141(b)(4) of the Code, or (c) 5% or more of such proceeds being used directly or indirectly to make or finance loans to any persons other than a governmental unit, as provided in Section 141(c) of the Code. The Institution need not comply with such covenants if the Institution obtains the written approval of the State Treasurer and an opinion of nationally recognized bond counsel acceptable to the Treasury Board that such covenants need not be complied with to prevent the interest on the Bonds from being includable in the gross income of the owners thereof for federal income tax purposes.

Section 10. The Board covenants that for so long as any of the Bonds are outstanding the Institution will not enter into any operating lease, management contract or similar agreement with any person or entity, other than a state or local government unit, for all or any portion of the Project without first obtaining the written approval of the State Treasurer and an opinion of nationally recognized bond counsel acceptable to the Treasury Board that entering into such agreement will not cause the interest on the Bonds to be included in the gross income of the owners thereof for federal income tax purposes.

Section 11. The Board covenants that for so long as any of the Bonds are outstanding, the Institution will not sell or dispose of all or any part of the Project without first obtaining the written approval of the State Treasurer and an opinion of nationally recognized bond counsel acceptable to the Treasury Board that such sale or disposition will not cause interest on the Bonds to be included in the gross income of the owners thereof for federal income tax purposes.

Section 12. The officers of the Institution are authorized and directed to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the sale and issuance of the Bonds.

Section 13. The Board acknowledges that the Treasury Board will rely on the representations and covenants set forth herein in issuing the Bonds, that such covenants are critical to the security for the Bonds and the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, that the Board will not repeal, revoke, rescind or amend any of such covenants without first obtaining the written approval of the Treasury Board, and that such covenants will be binding upon the Board so long as any of the Bonds are outstanding.

Section 14. This resolution shall take effect upon its adoption.

RESOLUTION
Commonwealth of Virginia Treasury Board
Acquisition and Renovation of Biotech One

WHEREAS, pursuant to Chapter 3.2, Title 23 of the Code of Virginia of 1950, as amended (the “Act”), the General Assembly of Virginia has authorized the Virginia College Building Authority (the “Authority”) to develop a pooled bond program (the “Program”) to purchase bonds and other debt instruments issued by public institutions of higher education in the Commonwealth of Virginia (the “Institutions”) to finance or refinance the construction of projects of capital improvement specifically included in a bill passed by a majority of those elected to each house of the General Assembly of Virginia (the “Projects”);

WHEREAS, the Authority intends to issue from time to time under the Program its Educational Facilities Revenue Bonds (Public Higher Education Financing Program) (the “2011 Bonds”) to finance the purchase of notes and other debt instruments issued by the Institutions to finance or refinance the Projects, all in the furtherance of the purposes of the Act and the Program;

WHEREAS, Chapter 6.1, Title 23 of the Virginia Code, creates Virginia Commonwealth University (the “University”), which is governed by a Board of Visitors (the “Board”) vested with the supervision, management and control of the University;

WHEREAS, the University is empowered to incur indebtedness pursuant to (1) Chapter 4.10, Title 23 of the Virginia Code, especially Section 23-38.108, and (2) Chapter 594 of the Acts of Assembly of 2008, being the 2008 Management Agreement between the Commonwealth of Virginia (the “Commonwealth”) and Virginia Commonwealth University, especially Exhibit F, Section X;

WHEREAS, the Board may from time to time wish to finance or refinance Projects for the University through the Program;

WHEREAS, if the University wishes to finance or refinance a Project through the Program, it will be necessary for the University to enter into a Loan Agreement (a

“Loan Agreement”) between the Authority and the University and, to evidence the loan to be made by the Authority to the University pursuant to the Loan Agreement, to issue the University’s promissory note (the “Note”), and the Authority will agree to issue its Bonds and to use certain proceeds of the Bonds to purchase the Note issued by the University, and the University will agree to use the proceeds of the Bonds received from the Authority to finance or refinance the construction of the Project and to make payments under the Loan Agreement and the Note in sums sufficient to pay, together with certain administrative and arbitrage rebate payments, the principal of, premium, if any, and interest due on that portion of the Bonds issued to purchase the Note;

WHEREAS, the University now proposes to sell to the Authority the University’s Note (the “2011 Biotech Note”) to be issued under a Loan Agreement (the “2011 Loan Agreement”) to finance or refinance, from all or a portion of the proceeds of certain Bonds issued by the Authority in 2011, with appropriate series designation depending on their issuance date (the “Series 2011 Bonds”), certain costs of acquiring and renovating the existing three-story multi-tenant research laboratory and office building known as Biotech One (the “Biotech Project”), with the proceeds of the Series 2011 Bonds used to (1) pay, as part of the purchase price of the Biotech Project, all amounts of principal and interest due on certain debt incurred by the current owner of the Biotech Project, the Virginia Biotechnology Research Partnership Authority, with respect to the Biotech Project, (2) pay costs of renovating the Biotech Project and (3) pay costs of issuance with respect to the Bonds; and

WHEREAS, it is the desire of the Board to delegate to Authorized Officers (as hereinafter defined) of the University the authority to approve, on behalf of the Board, the forms of the 2011 Loan Agreement and the 2011 Biotech Note and, similarly, to authorize such Authorized Officers of the University to execute, deliver and issue in the name of and on behalf of the University, the 2011 Loan Agreement, the 2011 Biotech Note and any and all documents necessary or desirable to effectuate the financing or refinancing of all or a portion of the costs of the Biotech Project through the Program with the Authority and to facilitate the purchase of the 2011 Biotech Note by the Authority.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF VISITORS OF VIRGINIA COMMONWEALTH UNIVERSITY:

Section 1. The Biotech Project is hereby designated a Project to be undertaken and financed or refinanced by the Authority and, accordingly, the Rector, the President, the Vice President of Finance and Administration and the Associate Vice President for Business Services and Treasurer of the University (collectively, the “Authorized Officers”) are each hereby delegated and invested with full power and authority to approve the forms of the 2011 Loan Agreement and 2011 Biotech Note, and any pledge to the payment of the 2011 Biotech Note of the University’s total gross university sponsored overhead, unrestricted endowment income, tuition and fees, indirect cost recoveries, auxiliary enterprise revenues, general and nongeneral fund appropriations and

other revenues not required by law or by previous binding contract to be devoted to some other purpose, restricted by a gift instrument for another purpose or excluded from such pledge as provided in the 2011 Loan Agreement, and such approval is hereby authorized, subject to the provisions of Section 3 hereof.

Section 2. Subject to the provisions of Section 3 hereof, the Authorized Officers are each hereby individually delegated and invested with full power and authority to execute, deliver and issue, on behalf of the Board, (a) the 2011 Loan Agreement and the 2011 Biotech Note with the approval of such documents in accordance with Section 1 hereof by any such officer evidenced conclusively by the execution and delivery of the 2011 Loan Agreement and 2011 Biotech Note, respectively, and (b) any and all other documents, instruments or certificates as may be deemed necessary or desirable to consummate the refunding of the 2000 IDA Bonds through the Program and the University's participation in the Program, and to further carry out the purposes and intent of this Resolution. The Authorized Officers are directed to take such steps and deliver such certificates prior to the delivery of the 2011 Biotech Note as may be required under existing obligations of the University, including bond resolutions and certificates relating to the University's outstanding general revenue pledge bonds.

Section 3. The authorizations given above as to the approval, execution, delivery and issuance of the 2011 Loan Agreement and the 2011 Biotech Note are subject to the following parameters: (a) the principal amount to be paid under the 2011 Biotech Note together with the principal amount of any other indebtedness with respect to the Biotech Project, shall not be greater than the amount authorized for such Project by the General Assembly of Virginia, plus amounts needed to fund issuance costs and other financing expenses, including capitalized interest, or any other increase permitted by law, (b) the aggregate principal amount of the 2011 Biotech Note shall in no event exceed \$12,955,000, as the same may be so increased, (c) the composite interest rate payable under the 2011 Biotech Note shall not exceed a "true" or "Canadian" interest cost more than 50 basis points higher than the interest rate for "AA" rated securities with comparable maturities, as reported by Delphis Hanover, or another comparable service or index, on the date that the interest rates on the 2011 Biotech Note are determined, taking into account original issue discount or premium, if any, (d) the weighted average maturity of the principal payments due under the 2011 Biotech Note shall not be in excess of [20] years, (e) the last principal payment date under the 2011 Biotech Note shall not extend beyond the period of the reasonably expected average weighted economic life of the Biotech Project, and (f) subject to the foregoing, the actual amount, interest rates, maturities, and date of the 2011 Biotech Note shall be approved by an Authorized Officer, which approval will be evidenced by the execution of the 2011 Biotech Note.

Section 4. The Board acknowledges, on behalf of the University, that if the University fails to make any payments of debt service due under any Loan Agreement or Note, including the 2011 Loan Agreement and the 2011 Biotech Note, the Program authorizes the State Comptroller to charge against the appropriations available to the

University all future payments of debt service on that Loan Agreement and Note when due and payable and to make such payments to the Authority or its designee, so as to ensure that no future default will occur on such Loan Agreement or Note.

Section 5. The Board agrees that if the Authority determines that the University is an “obligated person” under Rule 15c2-12 of the Securities and Exchange Commission with respect to any issue of Bonds, the University will enter into a continuing disclosure undertaking in form and substance reasonably satisfactory to the Authority and the University and will comply with the provisions and disclosure obligations contained therein.

Section 6. This resolution shall take effect immediately upon its adoption.

The Project Plans for Biotech One Renovations were presented. The project will renovate the first and third floor of Biotech One to consolidate the University’s Office of Research. The Office of the Vice President for Research is currently located on the first floor of Biotech One, Grants and Contracts is located in leased space in Theater Row and several other departments are located in Sanger Hall. Consolidating the Office of Research into one location will improve communications and increase efficiency. The vacated first floor space will be renovated for the School of Medicine dry research. The project is an integral component of the University’s strategic plan to upgrade the research facilities to remain competitive in research. The construction budget is \$1,820,000 with a total budget of \$4,258,237. The Finance, Investment and Property Committee recommended to the full Board the approval of the Project Plans for Biotech One Renovations.

The Design/Build Team Selection for West Grace Street Housing North was presented. The project will be constructed using the Design/Build process in accordance with State standards, and will be a LEED Silver certified project. The Student Housing

project will be a 5-story structure of approximately 150,000 SF including 8,200 SF of first floor space available for retail, administrative, or academic use. The project will provide 388 beds in a mix of 4-bedroom apartments, 2-bedroom double-occupancy apartments and single-occupancy efficiency apartments. The first floor will also include a lobby, offices and a security counter for access control. The living/learning space will focus on international education. Design/Build Guarantee Maximum price is \$23,464,235 with a total budget of \$33,763,000. The Finance, Investment and Property Committee recommended to the full Board the approval of the Design/Build Team Selection for West Grace Street Housing North.

The Amendment to the 2012-2018 Six-Year Capital Plan for the Basketball Practice Facility was presented. The amendment to the University's 2012-2018 Six-Year Capital Plan includes the construction of a basketball training facility. The \$9 million, privately-funded facility will be located between the Siegel Center and the Bowe Street Parking Deck on the Monroe Park Campus. The purpose of the facility is to provide VCU's basketball programs with a practice facility that will be comfortable, conveniently located, and available at all times to the team. The practice gym and athletic training room will also be showpieces for prospective student-athletes. The practice gym may also be used for hospitality space during basketball games and special events to meet increased demand. The Finance, Investment and Property Committee recommended to the Board the approval of the Amendment to the 2012-2018 Six-Year Capital Plan for the Basketball Practice Facility.

A Request for Proposals for the VCU Dental Store Management Services Contract was presented. Henry Schein, Inc., currently provides management, labor, merchandise, and materials for the operation of the VCU Dental Store. On July 1, 2011, the University implemented the fourth and final contract renewal option for the period July 1, 2011 through June 30, 2012. The intent of the request is to solicit proposals through competitive negotiations to establish a contract for dental store management services effective with the conclusion of the current agreement. The Finance, Investment and Property Committee recommended to the full Board the approval of the Request for Proposals for the VCU Dental Store Management Services.

A Request for Proposals for the VCU Dining Services Food Service Provider Contract was presented. The VCU Dining Services seeks a qualified contractor(s) to provide for the residential and retail dining operations, snack vending, and catering on both the Monroe Park and the MCV campuses. ARMARK Education Services, LLC currently provides labor, management, food production and service for the VCU Board Plan program, 24 retail concepts, catering and snack vending. The current contract term is July 1, 2003 through June 30, 2013. The intent of the request is to solicit proposals to establish a contract through competitive negotiations with a corporation, or corporations, resulting in high quality dining services and guest experiences on both VCU campuses. The Finance, Investment and Property Committee recommended to the full Board the approval of the Request for Proposals for the VCU Dining Services Food Services Provider Contract.

The following items were presented for information:

Capital Projects Status Report

Annual Report on Cash Management Operating Pool

Notification of Contract Awards

- a. Siegel Center Club Seating
- b. Honors College Renovations
- c. Ginter House Renovations
- d. Raleigh Building Renovations
- e. Sanger Hall 7th Floor Laboratory Renovation – Pauley Heart Center
- f. Massey Cancer Center Laboratory Support Renovation
- g. Gilmer Street Housing
- h. Office Supplies Contract

University Quarterly Budget Performance Report: June 30, 2011

Update on Agency Risk Management and Internal Control Standards (ARMICS)

VCU Health System – FY 2012 Operating Budget

Dr. Perkinson reported for the Student Affairs, Athletics and International

Programs Committee.

The following items were presented for information:

Quest for Distinction

- a. Metrics for Student Affairs, Athletics and International Programs

Strategic Enrollment Management

- a. Admissions Report

Welcome Week/Student Orientation Report

Student Representative Report

Honor System Annual Report

Rules and Procedures Annual Report

University Safety Committee Report

Intercollegiate Athletic Council Report

On motion made and seconded, the following Consent and Priority Agenda

Actions were approved:

Board of Visitors

Minutes of a Joint Meeting of the Board of Visitors and the VCU Health System
Board of Directors held May 19, 2011

Minutes of a Meeting held May 20, 2011

Academic and Health Affairs Policy Committee

Minutes of a Meeting held May 19, 2011

Audit and Compliance Committee

Minutes of a Meeting held May 19, 2011

Audit and Management Services Charter – Annual Update
 External and Alumni Relations Committee
 Minutes of a Meeting held May 19, 2011
 Finance, Investment and Property Committee
 Minutes of a Meeting held May 19, 2011
 Ackell Residence Center Financing and Support Agreement and Amendment to
 Existing Documents
 Debt Resolutions

- a. VCBA Debt Resolutions (School of Medicine Financing, Ackell Refunding of Bonds and Biotech Renovation)
- b. General Obligation Bonds Resolution (West Grace Street Housing North Project)

 Project Plans for Biotech One Renovations
 Design Build Team Selection for West Grace Street Housing North
 . Amendment to the 2012-2018 Six-Year Capital Plan: Basketball Practice Facility
 Request for Proposals

- a. VCU Dental Store Management Services Contract
- b. VCU Dining Services Food Service Provider Contract

 Presidential Evaluation Committee
 Minutes of a Meeting held August 3, 2011
 Student Affairs, Athletics and International Programs Committee
 Minutes of a Meeting held May 19, 2011
 Board of Visitors
 2011-2012 Board of Visitors Schedule

Mr. Snead appointed the following members to serve on various Foundations:

Mr. Royall and Mr. Snead to serve on the VCU Foundation; Dr. Doswell and Dr. Perkinson to serve on the MCV Foundation Board; Mr. Ginther to serve on the VCU School of Business Foundation; Mr. McCandlish to serve on the VCU Intellectual Property Foundation; and Mr. Jackson and Dr. Dave to serve on the VCU Real Estate Foundation and Mr. Snead will serve on the Monroe Campus Corporation.

On motion made and seconded, the Board convened into closed session to discuss certain personnel matters and matters relating to the appointment, promotion, performance and salaries of identifiable employees and faculty of VCU, including the

Faculty Appointments and Changes in Status and other Personnel Actions and the Report of the Presidential Evaluation Committee, and to discuss the evaluation of the performance of departments or schools of VCU where such evaluations necessarily involve discussion of the performance of specific individuals including Audit Reports of individually identified departments and/or schools; and to consult with legal counsel and receive briefings from staff members regarding certain legal matters and actual or probable litigation where such consultation or briefings in open session would adversely affect the negotiating or litigating position of VCU; and to discuss matters relating to gifts, bequests, and fund-raising activities, including consideration of the Named Funds Report and an update on the development activities, as authorized by Section 2.2-3711 A(1), A(7), A(8) of the Virginia Freedom of Information Act.

Following closed 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 closed session meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed 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. Thomas G. Snead, Jr.	X	
Dr. J. Alfred Broaddus, Jr.	Absent	
Dr. Kamlesh N. Dave	X	
Dr. John C. Doswell II	X	
Mr. Thomas F. Farrell II	Absent	
Mr. William M. Ginther	X	
Mr. Brian K. Jackson	Absent	
Mrs. Kay Coles James	X	
Ms. Lillian L. Lambert	Absent	
Mr. Thomas W. McCandlish	X	

Mr. Alexander B. McMurtrie, Jr.	X
Dr. W. Baxter Perkinson, Jr.	X
Mr. William A. Royall, Jr.	X
Mr. Sudhakar V. Shenoy	X
Mr. Stuart C. Siegel	X
Ms. Jacquelyn E. Stone	X

Vote:

Ayes: 12

Nays: 0

ABSENT DURING MEETING: 4

ABSENT DURING VOTING: 4

On motion made and seconded, the Board approved the following items:

- Accepted the Report of the President;
- Approved the Named Funds Report;
- Approved the Faculty Appointments and Changes in Status and Other Personnel Actions, as amended;
- Accepted the Report of the Presidential Evaluation Committee including Contract Adjustments; and
- Accepted the Closed Session Committee Reports

The meeting was adjourned at 11:30 a.m.