MINUTES OF A REGULAR MEETING OF THE BOARD OF VISITORS
OF VIRGINIA COMMONWEALTH UNIVERSITY

October 17, 1974

A regular meeting of the Board of Visitors of Virginia Commonwealth University was held on Thursday, October 17, 1974, at 9 a.m. in the President's Dining Room.

Present were Drs. Blanton and Gwathmey; Messrs. Dabney, Morgan, Norris, Obenshain, Scott and Seaborn; and Mesdames Satterfield and Thalhimer. Messrs. McGehee, Sheffield, Shumate and Taylor and Mrs. Stone were absent. Also present were Drs. Andrako, Brooke, Hall, Neal, Salley, Willett, Wilson and Woods; Messrs. Holmes, Imirie and Temple; and Mrs. Price.

Dr. Blanton called the meeting to order and welcomed Mr. Morgan and Dr. Salley.

On motion made and seconded, the minutes of a regular meeting of the Board of Visitors, held September 12, 1974, a special meeting of the Student Affairs Committee, held September 25, 1974, a special meeting of the Property Committee, held September 27, 1974, and a special meeting of the Executive Committee, held July 25, 1974, were approved unanimously.

Dr. Blanton reported that the Hospital Quality Assurance Committee had met earlier on October 17, 1974, and a committee had been set up composed of Dr. Gwathmey, Mr. Imirie and Mr. Seaborn to study the Board's by-laws to determine if they are in compliance with requirements of the Joint Commission on Accreditation of Hospitals.
A report by the University Interim Administrative Committee and a report by Dr. Woods on the Cancer Center followed.

At this time, Messrs. Helegus, Rush and Seay from Hayes, Seay, Mattern and Mattern and Mr. Harkness from TAC joined the meeting to give a presentation on the Health Sciences Building. Dr. Neal informed the Board of the discussions the administration has had with the Division of Engineering and Buildings and other state officials concerning the ground level of this building. The Board agreed to support the plans for the Health Sciences Building, as presented, and stated that the administration should feel free to call on the Board for assistance or support in this matter.

Mr. Milton Farley joined the meeting at this time; he and Mr. Holmes gave some background and legal information on the class action suit that has been filed by Bonnie Baker and the Floyd Avenue Tenants Association.

Dr. James Mathis and Dr. Wilson gave a report on the Gay Alliance of Students. After discussion, on motion made and seconded, the following resolution was approved, with Messrs. Norris and Scott dissenting:

With deep regard for the severe human problem involved, it is expressed as the sense of the Board that the Gay Alliance of Students not be registered.

Mr. Imirie presented, for approval, an agreement between the Virginia Hospital Laundry, Inc., Virginia Commonwealth University, Medical College of Virginia Hospitals, and Hopewell Hospital Authority, John Randolph Hospital. On motion duly made, seconded and approved, the following resolution was adopted, with Mr. Morgan abstaining:
RESOLVED, that the Rector and Secretary of the Board are hereby authorized and directed to execute and deliver a Laundry Service Agreement between Virginia Hospital Laundry, Inc., Virginia Commonwealth University, Medical College of Virginia Hospitals, and Hopewell Hospital Authority, John Randolph Hospital, pursuant to which VCU, the Medical College of Virginia Hospitals, agrees to grant Virginia Hospital Laundry, Inc., the exclusive right to provide all of its laundry and linen service requirements for a period of twenty years, said laundry Service Agreement to be in substantially the form submitted to this meeting, with such changes therein as may be approved by such officers, the execution thereof with said changes to be conclusive evidence of such approval.

A copy of this agreement is attached to the minutes.

Following a discussion on the financial feasibility of replacement and renovation of facilities at MCV, on motion made, seconded and approved, the following resolution was adopted, with Mr. Morgan abstaining:

It is hereby resolved that, in accordance with the recommendation of Booz, Allen and Hamilton, Inc., Management Consultants, contained in their studies of the financial feasibility of replacement and renovation of facilities at the Medical College of Virginia Hospitals dated November 21, 1972, and October 2, 1974, the University shall undertake a program of development of financial management for the Medical College of Virginia Hospitals. It is further resolved that, effective immediately, the University shall implement the foregoing by undertaking a definition of the goals and objectives of such programs.

Dr. Andrako presented the Patent Policy and Procedures document. On motion made and seconded, the Patent Policy and Procedures document was unanimously approved.

The report of Hospital Accounts was, on motion made and seconded, approved unanimously.
On motion made and seconded, the Faculty Appointments and Changes in Status were approved unanimously.

Dr. Blanton reported that Messrs. Holmes, Imirie, McGehee, Scott and Temple had met to discuss the type of financial report that should be made to the Board on a regular basis. This report would deal with the financial situation of the entire University.

Dr. Blanton apologized to Dr. Willett for not having time for his report on the progress of the presidential search.

The meeting adjourned at 1 p.m.

[Signature]
Secretary

Approved:
[Signature]
Chairman
THIS AGREEMENT dated this 17th day of October, 1974, by and between VIRGINIA HOSPITAL LAUNDRY, INC., a Virginia non-stock, non-profit corporation, herein called "Hospital Laundry", and the HOPEWELL HOSPITAL AUTHORITY, JOHN RANDOLPH HOSPITAL, a political subdivision of the Commonwealth of Virginia, and VIRGINIA COMMONWEALTH UNIVERSITY, MEDICAL COLLEGE OF VIRGINIA HOSPITALS, an agency of the Commonwealth of Virginia, herein called "Participating Hospitals":

W I T N E S S E T H:

WHEREAS, Participating Hospitals desire to obtain reliable and economical laundry, linen and uniform services for their hospital facilities; and

WHEREAS, Hospital Laundry has been organized as a non-stock, non-profit corporation solely to provide reliable and economical laundry, linen and uniform services to the Participating Hospitals on a non-profit cooperative basis pursuant to the provisions of Sections 1381 et seq. of the Internal Revenue Code of 1954, as amended; and

WHEREAS, Hospital Laundry plans to acquire a laundry facility to carry out its obligations under this agreement with the Participating Hospitals and the Participating Hospitals are willing to enter into this agreement in order to assure themselves
adequate and essential laundry and linen service; and

WHEREAS, Hospital Laundry intends to enter into a lease agreement with the Industrial Development Authority of the City of Richmond, Virginia (the Authority) pursuant to which the Authority will agree to issue its notes and/or bonds to provide funds to finance the cost of acquiring, constructing and equipping the Project and Hospital Laundry will agree to pay rentals in an amount sufficient to enable the Authority to meets its debt service obligations on such notes and/or bonds; and

WHEREAS, the Authority has required this agreement to demonstrate the financial viability of Hospital Laundry and its ability to meet its lease rental obligations to the Authority;

NOW, THEREFORE, in consideration of the premises and of the covenants and agreements hereinafter stated, the parties hereto have agreed and do hereby agree as follows:

1. **Definitions.** The following words and terms as used herein shall have the following meanings:

"Authority" shall mean the Industrial Development Authority of the City of Richmond, Virginia.

"Board of Directors" or "Board" shall mean the Board of Directors of Virginia Hospital Laundry, Inc.

"Cost of Providing Services" shall mean only those
items of expense incurred by Hospital Laundry directly related to providing the laundry, linen and uniform services under this agreement, including (1) operating, inventory and salary expenses, (2) necessary maintenance, repair and rehabilitation costs, (3) the lease rentals and any other obligations or commitments incurred by Hospital Laundry in connection with the financing for the Project (whether on a tax-exempt or taxable basis and whether short-term or long-term), and (4) the establishment of a reserve as provided in Section 4 hereof, but shall not include any profit to Hospital Laundry for providing such services.

"Events of Default" shall mean, with respect to any Participating Hospital, any of the events enumerated in Section 12.

"Executive Committee" shall mean the Executive Committee of Virginia Hospital Laundry, Inc.

"Linen Standardization Committee" shall mean the Executive Committee so long as the Executive Committee shall be comprised of one member from each Participating Hospital. Thereafter, the Linen Standardization Committee shall consist of one representative of each Participating Hospital as designated by its board of directors.

"Project" shall mean the acquisition, construction and equipping of a laundry facility, including land, a suitable
building and all costs related thereto, with adequate capacity to handle the needs of the Participating Hospitals.

"Specialty Items" shall mean all items used by the Participating Hospitals requiring laundry service other than Standard Items.

"Standard Items" shall mean those linens (including, without limiting the generality of the foregoing, general patient, operating room, delivery room and central sterile room linen), uniforms and other items appropriate for standardization which conform to the guidelines for standardization from time to time established by the Linen Standardization Committee and which appear on a Standard Linen List which shall be established, maintained and revised from time to time by the Linen Standardization Committee.

2. **Services; Exclusive Right.**

A. Subject to the terms and conditions set forth herein, Hospital Laundry shall provide for the Participating Hospitals complete laundry and linen services for all Standard Items and Specialty Items used by the Participating Hospitals, as, when and to the extent reasonably requested by the Participating Hospitals and in accordance with standards established from time to time by the Board of Directors, such services to include, without limiting the generality of the foregoing, linen supply, pick-up,
laundering, conditioning, ironing, folding, press work, flat work and delivery.

B. Each Participating Hospital agrees that for the term of this agreement Hospital Laundry shall have the sole exclusive right to provide all of its laundry service requirements for Standard Items and Specialty Items, and acknowledges that Hospital Laundry is undertaking its lease obligations to the Authority and other obligations in connection with the financing of the Project in reliance upon this commitment. In the event that the needs of a Participating Hospital significantly increases so that Hospital Laundry is, for lack of sufficient laundry service capacity, unable to provide laundry services to the extent necessary to meet these additional requirements, it is understood and agreed that it may be necessary for such Participating Hospital to obtain additional laundry services elsewhere to such extent.

C. Should any Participating Hospital determine to make use of disposable diapers, sheets, uniforms or other items now contemplated to be covered by this agreement, Hospital Laundry shall have the exclusive right to supply such items provided Hospital Laundry shall be willing and able to do so at a delivered price not greater and at a quality not less than that which such Participating Hospital could obtain on a delivered
basis elsewhere.

3. Price and Payment for Services. Except as herein-after provided, each Participating Hospital shall pay to Hospital Laundry for the services provided hereunder, when and as provided, according to the schedule of prices as determined from time to time by the Board of Directors. The schedule shall be revised semiannually, or more often as necessary, to provide sufficient income to Hospital Laundry to pay the entire Cost of Providing Services. The schedule may include categories based on the reasonable differentiation in type of service or linen provided, but no differentiation shall be made during the term of this agreement which is based on volume of service or supplies or within a category or on distance of the Participating Hospital from Hospital Laundry's plant. Each Participating Hospital also agrees to maintain with Hospital Laundry a deposit equivalent to one (1) month's estimated fee for services provided to it by Hospital Laundry.

Hospital Laundry shall submit to each Participating Hospital a statement for services rendered as soon as practicable after the close of each month. Payment shall be made by the Participating Hospital within twenty (20) days after the statement date in cash to Hospital Laundry at such address as Hospital Laundry shall from time to time designate. In the event any
amount is not paid when due, it shall bear a default and delin-
quency charge from such due date until paid at the rate of 9% simple interest per annum. In the event any amount is not paid in accordance with the terms hereof, the Participating Hospital shall pay all cost of collection, including reasonable attorneys' fees, and Hospital Laundry shall have the right to apply moneys deposited with Hospital Laundry by the Participating Hospital to the payment of such amount.

4. **Patronage Dividend.** Annually, the Board of Hospital Laundry shall determine the actual unit cost (based on the total Cost of Providing Services but also taking into consideration an allowance for any Federal income tax savings realized by Hospital Laundry by reason of depreciation on a straight line basis) for the preceding year and shall allocate and distribute any earnings in excess thereof: first, to the establishment of a reserve to be determined in the discretion of the Board sufficient to pro-
vide at the expiration of the term hereof (or earlier termination as to any Participating Hospital) for the reimbursement of linen and uniforms in accordance with paragraph 5 and, second, to the distribution of a patronage dividend to the Participating Hospitals based on the dollar volume of services provided to the Participating Hospitals by Hospital Laundry pursuant to Sections 1381-83 of the Internal Revenue Code.
Within sixty (60) days following the end of each fiscal year of Hospital Laundry, the books and records of Hospital Laundry shall be audited by an independent certified public accountant so that the allocation and distributions provided for herein can be made. Any patronage dividends required to be paid by Hospital Laundry to the Participating Hospitals shall be made within ten (10) days after receipt of such audit.

5. **Provision of Linen and Uniforms by Participating Hospitals.**

   A. Each Participating Hospital shall make available to Hospital Laundry, at the time such Participating Hospital is notified in writing that Hospital Laundry is prepared to supply it with the services provided for herein, sufficient linen and uniforms which it then owns, supplemented to any extent necessary, to provide linen and uniforms in total to Hospital Laundry on the following basis:

   1. Each Participating Hospital shall provide nine full sets of operating room, delivery room and central sterile room linen and seven full sets of all other Standard Items (or acceptable substitutes); each "set" shall be equivalent to the Participating Hospital's total 24-hour requirements for linen; and

   2. Sufficient sets of Specialty Items as
shall be determined by the Board of Directors to provide service
to the Participating Hospital for one full week.

B. If, during the term of this agreement, the
needs of a Participating Hospital for laundry services should
increase and the Board shall determine Hospital Laundry can
supply such need, the Participating Hospital shall provide to
Hospital Laundry sufficient additional linen and uniforms to
fulfill the requirements of subparagraph A above based on the
increased daily and weekly linen requirements.

C. At the time the linens are made available
hereunder, all linens and uniforms shall be valued by an appointee
of the Board of Hospital Laundry and an appointee of the relevant
Participating Hospital. At the expiration of the term hereof
(or earlier termination as to any Participating Hospital) Hospital
Laundry shall return to each Participating Hospital the amount
of such value, without interest, in linens and/or money, any
returned linens to be valued under the same procedure.

D. During the term of this agreement and once the
linens and uniforms have been supplied to Hospital Laundry by the
Participating Hospitals as provided above, all required Standard
Items and Specialty Items shall then be supplied by Hospital
Laundry, except that in the case of Specialty Items the Board
of Directors may determine that such items shall be supplied by
the Participating Hospitals in which event Hospital Laundry shall provide laundering service only for such items.

6. Laundry Facility; Establishment and Maintenance. Hospital Laundry shall forthwith proceed to establish and maintain the Project with sufficient capacity to supply the estimated requirements of the Participating Hospitals for laundry services. Said facility will be established, operated and maintained, and all laundry will be processed and transported in compliance with standards established from time to time by the Board of Directors and with all applicable Federal, state and local laws, ordinances, regulations, rules and all requirements of the Authority as lessor of the Project. Hospital Laundry will provide pickup and delivery service to meet the needs of each Participating Hospital at least five days a week to each Participating Hospital, unless a Participating Hospital agrees to a less frequent schedule.

7. Washing Formula or Laundry Procedure. Hospital Laundry will use or require the use of washing formulas and procedures which are acceptable to and in accordance with the standard established from time to time by the Board of Directors and with the requirements established by the Department of Health, Bureau of Environmental Health and any other governmental agency, Federal, state or local, with authority to establish standards with respect to such procedures in the State of Virginia.