A meeting of the Executive Committee of the Board of Visitors of Virginia Commonwealth University was held on Tuesday, September 17, 2002, in the University Meeting Center located at 101 North Harrison Street.

Present were Dr. Perkinson (Rector), Messrs. Axselle, Markel and Rigsby; and Mrs. Petera. Also present were Dr. Long, a member of the Board of Visitors, Drs. Trani, Kontos, Peale, Rretchin, Torr, and Toscan; Messrs. Blanks, Messplay Ross, Timmreck and Wyeth; and Mesdames Balmer, Chinnici and Messmer.

Dr. Perkinson called the meeting to order. The State Budget Reduction Briefing was presented. On August 19, 2002, Governor Warner directed agencies and institutions to prepare reduction plans of 7%, 11% and 15% of the general fund budgets. At the 15% reduction level, VCU would experience a 26.7% reduction in general funds from 2001-02 (pre-reduction) levels by 2003-04. VCU’s reductions are particularly challenging because VCU has the largest percentage of Virginia resident students of all doctoral institutions and the largest percentage of general funds. VCU’s enrollment projections through 2005-06 reflect steady growth in Virginia residents with little immediate prospect of additional state funding support. Although tuition increases in the current year were larger than what VCU has seen since the early 1990s, 2002-03 rates for resident undergraduates are less than the 1990-91 rate adjusted for inflation.
VCU’s budget reduction planning process stressed communication, collaboration and differential cuts. The University identified some actions that were used to reduce cuts to instructional programs. Beyond the reduction offsets that have been identified as a part of the draft plans, the University is considering additional options: imposition of a course withdrawal fee; closing the University during the winter holidays; offsetting reductions in auxiliary enterprise programs (intercollegiate athletics and Student Affairs). Moreover, additional tuition revenue from enrollment growth will be directed to those schools with the largest enrollment increases, primarily the College of Humanities and Sciences. Reductions will be extremely difficult to achieve and involve layoffs, reductions in course offerings, and increased class sizes.

Larger budget reductions in the Schools of the Arts, Education, Engineering, and Graduate Studies will result in smaller budget reductions in the College of Humanities and Sciences, VCU Libraries, the Schools of Business and Social Work and the 2003 Summer School. Targeted budget actions in Health Sciences will enable smaller reductions for the Schools of Nursing and Allied Health.

Finance and Administration must deal with both reductions in operating funds and significant reductions in maintenance reserve funding. One of VCU’s major concerns continues to be the reductions in maintenance reserve funding. Last biennium and before the mid-year reductions, VCU’s maintenance reserve funding was $9.6M; mid-year reductions reduced the funding to $7.2M. The 2002-04 budget approved by the General Assembly in the spring of 2002
reduced the funding to $4M. The Governor is withholding one-half of VCU’s funding, leaving VCU with about $2M for the biennium to address major repairs to roofs, chillers and structural repairs. The reductions reinforce the importance of the General Obligation Bond Bill. Many of the Bond Bill projects entail major renovations of existing structures. Dr. Kontos and Dr. McDavis also made comments on the State Budget Reduction.

Following a brief presentation and on motion made and seconded, the following Resolution was approved:

RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE BOARD OF VISITORS OF VIRGINIA COMMONWEALTH UNIVERSITY APPROVING A PROJECT FOR BOND FINANCING

WHEREAS, the Board of Visitors (the “Board”) of Virginia Commonwealth University (the “Institution”) adopted a resolution on August 2, 2002 (the “Prior Resolution”) authorizing the issuance and sale of the Institution’s 2002A Note to the Virginia College Building Authority (the “Authority”) under the 2002A Loan Agreement to finance or refinance from the proceeds of the Authority’s Educational Facilities Revenue Bonds (Public Higher Education Financing Program), Series 2002A all or a portion of the costs of construction and improvement of the Institution’s Bowe Street parking, arts laboratory and athletic facility, the construction and acquisition of housing (the Capitol Medical Building) for the Academic Campus and construction of Gladding Residence Hall, all located on the Institution’s Academic Campus (collectively, the “2002A Project”), provided that, among other things, the principal amount to be paid under the 2002A Note shall not be greater than the aggregate amount authorized for the 2002A Project by the General Assembly of Virginia, including any adjustments required or permitted by law, and in no event shall exceed $30,000,000; and

WHEREAS, the Institution further desires to finance an additional Project with proceeds of the 2002A Note under the 2002A Loan Agreement through the Program in accordance with the terms and conditions of the Prior Resolution as supplemented hereby;

NOW, THEREFORE, BE IT RESOLVED BY THE EXECUTIVE COMMITTEE OF THE BOARD OF THE INSTITUTION:

Section 1. The 2002A Project is hereby supplemented to include the Institution’s Renovation and Construction of an Addition to Student Centers (Student Commons-Phase III) Project (the “Student Commons Project”).
**Section 2.** The principal amount to be paid under the 2002A Note with respect to the Student Commons Project shall not exceed $10,000,000 and shall otherwise be consistent with the parameters set forth in Section 3 of the Prior Resolution so that the total principal amount of indebtedness authorized by the Prior Resolution and this resolution does not exceed $40,000,000. Subject to the applicable terms and conditions of the Prior Resolution, the principal amount of the 2002A Note shall not without further authorization exceed $40,000,000.

**Section 3.** The authorization to officers of the University with respect to the 2002A Project, the 2002 Note and related financing documents is extended to cover the Student Commons Project, the portion of the 2002A Note related to the Student Commons Project and all related documents.

**Section 4.** Any capitalized term used but not defined herein shall have the meaning given such term in the Prior Resolution.

**Section 5.** This resolution shall take effect immediately upon its adoption.

On motion made and seconded, the Executive Committee convened into closed 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 evaluation will necessarily involve discussion of the performance of specific individuals, including matters concerning the School of the Arts; and to consult with legal counsel pertaining to specific legal matters requiring the provision of legal advice or counsel, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of VCU, including a report from General Counsel, as authorized by Section 2.2-3711 A(1) and A(7) of the Virginia Freedom of Information.

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 Executive Committee of the Board of Visitors of Virginia Commonwealth University.

Roll Call Vote

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<tr>
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<th>Ayes</th>
<th>Nays</th>
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<tr>
<td>Dr. W. Baxter Perkinson, Jr., Rector</td>
<td>X</td>
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<tr>
<td>Mr. Ralph L. &quot;Bill&quot; Axselle, Jr.</td>
<td>Left before voting</td>
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<td>Mr. Steven A. Markel</td>
<td>X</td>
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<td>Mrs. Anne P. Petera</td>
<td>X</td>
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<td>Mr. Robert E. Rigsby</td>
<td>X</td>
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Vote:

Ayes: 4
Nays: 0

ABSENT DURING MEETING: 0
ABSENT DURING VOTING: 1

The meeting was adjourned at 3 p.m.

[Signatures]

W. Baxter Perkinson, Jr., Rector

Robert E. Rigsby, Secretary