

**MINUTES**  
September 24, 2005  
Special Board Meeting

The Board of Visitors of Virginia Polytechnic Institute and State University held a special Board meeting on Saturday, September 24, 2005, at 12:05 p.m. in the Duck Pond Room at The Inn at Virginia Tech, in Blacksburg, Virginia.

**Present**

**Absent**

Mr. Michael Anzilotti	Mr. L. Bruce Holland
Ms. Beverley Dalton	Dr. Hemant Kanakia
Mr. Ben J. Davenport, Jr.	
Mrs. Michele Duke	
Mr. Robert L. Freeman, Jr.	
Mr. John R. Lawson, II	
Ms. Sandra Stiner Lowe	
Mr. Jacob A. Lutz, III	
Mr. George Nolen	
Mr. Thomas L. Robertson	
Mr. James W. Severt, Sr.	
Mr. Philip S. Thompson	
Ms. Susanna Rinehart, President, Faculty Senate	
Ms. Jennifer Jessie, Undergraduate Student Representative	
Mr. Navin Manjooran, Graduate Student Representative	

Also present were the following: Dr. Charles Steger, Mr. Ralph Byers, Dr. Karen DePauw, Dr. Ben Dixon, Dr. John Dooley, Dr. Brad Fenwick, Dr. David Ford, Ms. Laura Fornash, Ms. Kay Heidbreder, Dr. Lisa Wilkes, Mr. James Hyatt, Dr. Pat Hyer, Dr. Zenobia Hikes, Mr. Kurt Krause, Dr. Mark McNamee, Ms. Kim O'Rourke, Mr. Mark Owczarski, Ms. Ellen Plummer, Mr. Dwight Shelton, Ms. Sandra Smith, Mr. Sumeet Bagai, faculty, staff, students, guests, and reporters.

The meeting was called to order by Rector Davenport.

President Steger made an announcement about a significant commitment the university is making to provide additional financial aid to students. The creation of the Virginia Tech "Funds for the Future" fulfills the desire of the university to assure that any Virginian who is offered freshman admission to Virginia Tech will not be prevented from attending because of his or her financial circumstances. A copy of the press release was distributed. (Copy is filed with the permanent file and marked Attachment A.)

President Steger gave a brief history of the restructuring legislation. It is clear that in order to move Virginia Tech and other institutions of higher education in Virginia forward, significant additional investments are going to be required. However, Virginia is facing significant increases in costs for healthcare, transportation, criminal justice,

and the environment. Given this enormous demand on tax dollars, little is left for other purposes.

Originally, Virginia Tech, William and Mary, and the University of Virginia sought a way to institute greater efficiency in the management of the enterprise that would enable the dollars saved to be reinvested back into the core academic mission. For example, if the timeline for a construction project could be reduced by 9-12 months by managing it locally and financing it in a bond market, perhaps 10 percent could be saved on the project, which translates into real dollars. The essence of the entire process is to achieve administrative efficiency. As information was shared to help people understand what is trying to be achieved, other institutions in Virginia also sought greater flexibility. As a result, differing levels of deregulation were considered for the different types of institutions in Virginia. As the discussions evolved, some amendments were made to the proposed legislation. One proposal by the Chairman of the Senate Finance Committee, Senator Chichester, resulted in the requirement for an academic plan.

Today, the Board first will consider a resolution to authorize the university to submit the enrollment plan, the academic plan and the financial plan to Richmond. The legislation requires that the financial plans be developed under two distinct scenarios, one an extreme scenario assuming no new general funds, and the other an optimistic scenario assuming general funds at 44 percent. The scenarios provide some boundary conditions for planning purposes, but the reality will probably fall somewhere in between the optimistic and extreme scenarios. He clarified that the Board is not being asked to set tuition at this meeting; that will occur as usual at the March meeting.

Second, the Board will consider a resolution that attests to Virginia Tech's ability to manage its administrative and financial operations successfully as an institution with the highest level of autonomy granted under the restructuring act.

Further, the legislation specifies that in return for being granted greater autonomy, the universities will be expected to carry out functions that are very important to the future of Virginia. Of particular interest are: 1) Strengthening ties with K-12; and 2) providing greater economic development assistance to specific regions of Virginia.

President Steger shared that a letter outlining what has been said was mailed on Thursday to all families of all in-state Virginia Tech students to give them a sense of why this is being done and what is likely to happen.

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**Mr. Davenport called for a motion in support of the first resolution. The following resolution was moved by Mr. Lutz, seconded by Mr. Robertson and approved unanimously. (A copy is attached for the permanent file and marked Attachment B.)**

**Resolution Approving The Six-Year Enrollment Plan,  
Academic Plan, and Financial Plan**

**That the resolution regarding approval of the enrollment, academic and financial plans be adopted.**

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**Mr. Davenport called for a motion in support of the second resolution. The following resolution was moved by Mr. Thompson, seconded by Mr. Lutz and approved unanimously. (A copy is attached for the permanent file and marked Attachment C.)**

**Resolution Attesting to Virginia Tech's  
Ability to Operate as a Covered Institution**

**That the resolution regarding the University's ability to operate as a covered institution be adopted.**

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The six-year Academic Plan is attached for the permanent file and marked Attachment D.

The six-year Enrollment Plan is attached for the permanent file and marked Attachment E.

The six-year Financial Plan is attached for the permanent file and market Attachment F.

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Ms. Duke asked that the Board go on record as commending President Steger for demonstrating tremendous leadership capabilities in collaborating with the presidents of the other two flagship Virginia universities in initiating this restructuring act, which is viewed as a historic piece of legislation, not only in the Commonwealth, but around the nation. Mr. Davenport made a motion to this effect. It was seconded by Mr. Lutz and approved unanimously by the Board.

Mr. Davenport added that it is sometimes easy to take for granted the leadership that this university provides to the commonwealth and the rest of the nation. He noted that

it is great to be associated with a group that has a mindset to seek innovative solutions to overcome constraints. President Steger's leadership has allowed this to happen.

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Mr. Sumeet Bagai presented each Board member with an Orange Effect game day shirt.

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Dates for the next meeting are November 6-7, 2005 in Blacksburg, Virginia.

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The meeting adjourned at 12:23 p.m.

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Ben J. Davenport, Jr., Rector

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Kim O'Rourke, Secretary

RESOLUTION APPROVING AND ADOPTING THE MANAGEMENT AGREEMENT,  
BOARD POLICIES, AND PERFORMANCE MEASURES

WHEREAS, the 2005 General Assembly passed HB2866 and SB1327 known as the Restructured Higher Education Financial and Administration Operations Act, as amended by the Governor (the Act); and

WHEREAS, by separate resolution the Board of Visitors committed to the Governor and the General Assembly to meet the state goals as specified in Chapter 4.10, Section 23-38.88(B) of the Act; and

WHEREAS, by separate resolution the Board of Visitors attested to the ability of Virginia Polytechnic Institute and State University to meet the requirements for a public university or college of the Commonwealth to gain the greatest authority over financial and administrative operations, subject to certain accountability, audit and reporting measures specified by the General Assembly of Virginia and the Board of Visitors authorized the President of the University to apply for the University to be governed by subchapter 3 of the Act; and

WHEREAS, the Board of Visitors has reviewed the attached Performance Measures and Management Agreement, including the attached policies of the operational areas of capital projects, leases, information technology, procurement, human resources, and finance and accounting, that have been negotiated with, and approved by, both the President of Virginia Polytechnic Institute and State University and, as appropriate, the Secretary of Finance, the Secretary of Administration, the Secretary of Technology, and the Secretary of Education;

NOW THEREFORE BY IT RESOLVED that the Board of Visitors hereby (i) approves and adopts the attached Performance Measures and Management Agreement, including the attached Board policies in the operational areas of capital projects, leases, information technology, procurement, human resources, and finance and accounting that have been negotiated with, and approved by, both the President of Virginia Polytechnic Institute and State University and, as appropriate, the Secretary of Finance, the Secretary of Administration, the Secretary of Technology, or the Secretary of Education, and (ii) authorizes the President of Virginia Polytechnic Institute and State University to execute the attached Management Agreement on behalf of Virginia Polytechnic Institute and State University.

BE IT FURTHER RESOLVED that the Board of Visitors also hereby authorizes the Executive Committee on behalf of the Board of Visitors to review and accept any changes in the Performance Measures, Management Agreement and Board policies that the committee determines to be in the best interests of the University and that may be required by the Governor or the General Assembly as a condition of the approval of the Agreement, between the date of this Resolution and the effective date of the Performance Measures, Management Agreement and Board policies; provided that the Executive Committee shall notify the full Board as soon as practical of any such changes. In the event the Executive Committee is unable because of exigent and other circumstances to convene in a timely manner, the President and Rector are authorized to make changes; provided that they shall notify the full Board as soon as practical of any such changes or amendments.

RECOMMENDATION:

That the Resolution regarding the approval of the Performance Measures, Management Agreement, and Board policies be approved.

November 7, 2005

I, Kim O'Rourke, Secretary to the Virginia Tech Board of Visitors, do hereby certify that the above is a true and exact copy of a resolution duly adopted by the Board of Visitors, passed by unanimous vote of the thirteen board members who were present, at its meeting on November 7, 2005.)

  
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Kim O'Rourke  
Secretary, Board of Visitors