BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA
270 Washington Street, S.W.
Atlanta, Georgia 30334

BOARD OF REGENTS MEETING AGENDA

Tuesday, November 13, 2012

Approximate Times	Tab	Agenda Item	Presenter
9:15 AM Room 7019	**1**	Executive & Compensation Committee Meeting	Chairman Benjamin Tarbutton
9:45 AM Room 7007	**2**	Call to Order	Chairman Benjamin Tarbutton
	3	Safety Briefing	Chief Bruce Holmes
	4	Attendance Report	Secretary J. Burns Newsome
	5	Invocation/Pledge of Allegiance	Regent Doreen Poitevint
	6	Approval of October 8/9 Minutes	Chairman Benjamin Tarbutton
	7	Presentation – Research and Collaboration	President G.P. "Bud" Peterson Dr. Houston Davis
10:10 AM		**Track I Committee Meetings**	
Room 5158	**8**	Academic Affairs	Regent Kessel Stelling
Room 5158	**9**	Organization & Law	Regent Larry Ellis
10:10 AM		**Track II Committee Meetings**	
Room 7007	**10**	Finance & Business Operations	Regent Philip Wilheit
Room 7007	**11**	Real Estate & Facilities	Regent Larry Walker
Room 7007	**12**	Internal Audit, Risk and Compliance	Regent Kenneth Bernard
11:45 AM Room 7010	**13**	Board Luncheon	
1:00 PM Room 7007	**14**	Reconvene	Chairman Benjamin Tarbutton
	15	Customer Service Gold Award Winners	Chancellor Henry Huckaby Ms. Deborah Scott
1:15 PM Room 7007	**16**	Committee of the Whole: Finance & Business Operations/Internal Audit, Risk and Compliance/ Real Estate & Facilities	Regent Philip Wilheit Mr. John Brown

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BOARD OF REGENTS MEETING AGENDA

Tuesday, November 13, 2012

2:00 PM Room 7007	**17**	Chancellor's report	Chancellor Henry Huckaby
2:15 PM	**18**	Committee Reports:	
		A. Executive & Compensation	Chairman Benjamin Tarbutton
		B. Academic Affairs	Regent Kessel Stelling
		C. COW: Finance & Business Operations/Internal Audit Risk and Compliance/Real Estate & Facilities	Regent Philip Wilheit
		D. Finance & Business Operations	Regent Philip Wilheit
		E. Internal Audit, Risk and Compliance	Regent Kenneth Bernard
		F. Organization & Law	Regent Larry Ellis
		G. Real Estate & Facilities	Regent Larry Walker
	19	Election of Officers	Chairman Benjamin Tarbutton
	20	Unfinished Business	Chairman Benjamin Tarbutton
	21	New Business *Save the Date: Regents' Salute to Education March 23, 2013*	Chairman Benjamin Tarbutton Regent Kenneth Bernard
	22	Petitions and Communications	Secretary J. Burns Newsome
	23	Chairman's remarks	Chairman Benjamin Tarbutton
	24	Executive Session	Chairman Benjamin Tarbutton
	25	Adjournment	Chairman Benjamin Tarbutton

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EXECUTIVE & COMPENSATION COMMITTEE

November 13, 2012

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1. Board Calendar: 2013 Slate of Meetings

The committee will consider proposed Board of Regents meeting dates for the 2013 calendar year.

2. Executive Session: Personnel & Legal Matters

The Committee will discuss personnel and legal matters, as well as presidential searches. Materials will be distributed in Executive Session.

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COMMITTEE ON ACADEMIC AFFAIRS
November 13, 2012

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    c. Six Programs at Columbus State University
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        ii. Bachelor of Arts with a major in Biology with Teacher Certification

iii. Bachelor of Arts with a major in Chemistry with Teacher Certification
iv. Bachelor of Science with a major in Geology with Teacher Certification
v. Bachelor of Science with a major in Geology
vi. Associate of Applied Science in Applied Computer Science

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1. Establishment of a Doctor of Education with a major in Student Affairs Leadership, University of Georgia

Recommendation: That the Board approve the request of President Michael F. Adams that the University of Georgia ("UGA") be authorized to establish a Doctor of Education with a major in Student Affairs Leadership, effective November 13, 2012.

Program Summary:
Beginning in 2007, the USG Vice Presidents for Student Affairs (VPSAs) identified a significant need and demand for currently employed USG student affairs professionals to be able to pursue their doctoral education in a flexible degree program offered by a System institution. In 2007, 92% (541) of the 591 USG student affairs professionals currently holding a Master's degree indicated they would be interested in a flexible doctoral program that would allow them to pursue the degree and remain employed full-time at one of our USG institutions. The University of Georgia, working with the VPSAs and the System Office, has put together a program to be offered primarily on the Griffin campus that is specifically designed to meet the needs and build out leadership capability of current USG student affairs employees. The proposed program will provide future leadership development to System employees who are recommended for admission to the program by their employing institution. All candidates must also meet the graduate admission standards at the University of Georgia.

List of Similar Existing USG Programs and Productivity:
The only similar program in the USG is a doctoral program at UGA that is a full-time intensive program with a heavy research focus. The proposed program is designed for part-time, working students and focuses more on practice as opposed to research in the field.

Institution	Degrees Conferred
University of Georgia - PhD with a major in Counseling and Student Personnel Services	2009 - 3 2010 - 6 2011 – 13

Projected Enrollment:
The program is expected to graduate approximately 15 students by year three. Cohorts of about 15 students will begin the program every other year.

Fiscal Summary:
The Chancellor is providing funding for the start-up costs associated with the program ($150,000 in year one and in year two). Fifty percent of the program's annual tuition will be paid by the student and fifty percent by the student's employing USG institution. Beginning in Year 3, all program costs will be supported by tuition and fee revenue. UGA is simultaneously requesting a differential tuition for the program through the Committee on Finance and Business Operations.

Facilities Impact:
The program will be delivered using existing office and classroom space at the Griffin campus.

Accountability:

The Office of Academic Affairs will work with the institution to measure the success and continued effectiveness of the proposed program. The program will be reviewed in concert with the institution's programmatic schedule of comprehensive program reviews.

2. Establishment of a Master of Science in Civil Engineering, Southern Polytechnic State University

Recommendation: That the Board approve the request of President Lisa Rossbacher that Southern Polytechnic State University ("SPSU") be authorized to establish a Master of Science in Civil Engineering, effective November 13, 2012.

Program Summary:
While the basic skills and knowledge obtained by undergraduates of Civil and Construction Engineering programs remain essential, practitioners find themselves ill-prepared to cope with the advances in design technology and professional engineer licensure. Demand for these skills will be further increased due to the anticipated new requirements for engineering licensure—30 semester hours of coursework beyond the B.S. degree. The proposed program addresses more in-depth aspects of rapidly advancing specialty areas in the multi-disciplinary profession of civil engineering. Future professionals will need such advanced study to be fully competitive in the global marketplace and to be eligible for licensure as professional engineers. The most direct way for engineers to fulfill this requirement will be through completion of a master's degree.

The proposed M.S. in Civil Engineering will offer concentrations in three critical areas: (1) Structural and Geotechnical Engineering, (2) Transportation and Pavement Engineering, and (3) Environmental Engineering and Water Resources. Of these three, the Structural and Geotechnical concentration will be implemented first with the other two concentrations phased in as demand is realized and resources are available. Students may choose either a thesis or non-thesis option.

List of Similar Existing USG Programs and Productivity:
Three universities within the USG offer advanced degrees in engineering, namely Georgia Institute of Technology, the University of Georgia, and Georgia Southern University.

Below is a tabular representation of degrees conferred in the System for master's degrees in civil engineering and related programs:

Institution	Program	2009	2010	2011
Georgia Tech	MS in Civil Engineering	79	74	87
Georgia Southern	MS in Engineering Tech. &			
	Engineering-Related Fields	3	7	14
UGA	MS in Engineering	Program was established within the past two years and		
		productivity data are not yet		
		available.		

Projected Enrollment:
The program is expected to enroll approximately 58 students by year three.

Fiscal Summary:
The institution's existing budget will cover all costs associated with the program. The program requires no new faculty positions until year 4 of the program when the enrollment grows to a steady state size of 76 students. Part time faculty will be used to assist in some undergraduate engineering classes to replace faculty who will be reassigned to the graduate program.

Facilities Impact:
SPSU states that they will use existing space in the W. Claire Harris Textile Center (Building M). No additional facilities are required.

Accountability:
The Office of Academic Affairs will work with the institution to measure the success and continued effectiveness of the proposed program. The program will be reviewed in concert with the institution's programmatic schedule of comprehensive program reviews.

3. Establishment of a Master of Science with a major in Exercise Science, Columbus State University

Recommendation: That the Board approve the request of President Timothy S. Mescon that Columbus State University ("CSU") be authorized to establish the Master of Science with a major in Exercise Science, effective November 13, 2012.

Program Summary:
A recent publication by the American College of Sports Medicine reported that the need for "educated and experienced fitness professionals" is the top trend in the fitness industry for 2012. The MS with a major in Exercise Science proposed by CSU meets the industry standard for professionals operating in a range of occupations, particularly for those who wish to pursue employment in clinical settings, corporate wellness and fitness, university settings, and other allied health occupations.

The 36 semester hour program includes an 18 semester hour (SH) core with the remaining courses being selected by students to meet their professional goals and needs. The elective component provides flexibility to the program for those who are interested in developing a professional focus in one of the varied occupations in exercise science. In addition, there will be a research and thesis option for students who have the ability and desire to pursue formal independent study in the field and to prepare for advanced graduate study. Similarly, students will be able to prepare themselves for various levels of certification, for employment in a health/fitness setting, coaching/sport setting, and some medical-based applications.

List of Similar Existing USG Programs and Productivity:
The USG currently has five Master of Science degrees in Exercise Science or Kinesiology. These programs are more than 100 miles from the CSU campus. Additionally, the existence of two major orthopedic hospitals in the Columbus area creates a need for employees in the area of exercise science.

Below is a tabular representation of degrees conferred in the System for Exercise Science or Kinesiology programs:

Institution	Program	2009	2010	2011
Augusta State U.	MS wm in Kinesiology	0	2	8
University of Georgia	MS wm in Kinesiology	18	39	32
Georgia Southern U.	MS wm in Kinesiology	42	59	64
Kennesaw State U.	MS wm Applied Exercise and Health Science	0	3	6
Georgia State U.	MS wm in Exercise Science	43	50	60

Projected Enrollment:
Columbus State University expects 30 students enrolled by Year 3.

Fiscal Summary:
Columbus State will launch and deliver the programs using existing faculty. As enrollment grows, the program will add a new full-time faculty position to begin in Year 2. Part-time faculty, using existing part-time funds, will be hired to support reallocation of existing program faculty to the graduate program.

Facilities Impact:
The proposed program will be housed in the existing Health and Wellness facility which has lab space, classroom and equipment necessary to support this program.

Accountability:
The Office of Academic Affairs will work with the institution to measure the success and continued effectiveness of the proposed program. The program will be reviewed in concert with the institution's programmatic schedule of comprehensive program reviews.

4. Master of Education with a major in Teacher Leadership (online), Clayton State University

Recommendation: That the Board approve the request of President Thomas J. (Tim) Hynes that Clayton State University ("CSU") be authorized to establish the Master of Education with a major in Teacher Leadership (online), effective November 13, 2012.

Program Summary:
Prior to 2011, Georgia educators could receive salary lane increases for graduate degrees earned in any field, irrespective of whether the degree was in education (for example, a kindergarten teacher with a doctorate in divinity from a for-profit online university earned the same level of state "lane" compensation as a superintendent of schools with a doctorate in leadership from Harvard University). This allowed for a tremendous proliferation of leadership degrees – with most earned by educators who self-reported as having no intention of ever entering leadership positions – and cost the state approximately $88 million annually for "lane" increases for educators who did not hold leadership certification.

Between 2006 and 2011, the General Assembly of the State of Georgia and the Georgia Professional Standards Commission, took significant steps to curtail abuses of this policy. The PSC elevated clear and renewable leadership certification from being awarded at the MEd level to the EdS level and in 2009, the Georgia General Assembly approved a "rider" to the "contracts" bill (HB 455) that required educators earning educational leadership degrees to be in "leadership positions" before they could receive their lane increase. The combination of the elevation of leadership certification to the EdS level and HB 455 devastated enrollment in the existing MEds in Educational Leadership.

The proposed program in Teacher Leadership is strategically designed to meet the professional development needs of classroom teachers who do not plan on moving into administrative positions within their school systems. With the addition of the Teacher Leadership programs, graduates will be able to obtain an advanced degree, remain in their classrooms, continue to provide high quality education for their students, and contribute to the development of other teachers. The Teacher Leadership program addresses the expanded roles and responsibilities of teachers in schools, including data-driven assessment and decision making for school improvement, leading professional learning communities, applying research to practice, improving teaching and learning, and collaborating with families and the community.

List of Similar Existing USG Programs and Productivity:
As this is a relatively new PSC certification field, there are currently only four existing similar programs in the USG, one at Georgia State University in Urban Teacher Leadership, one at Augusta State University in Teacher Leadership, one at Columbus State University in Teacher Leadership and one at Kennesaw State University in Teacher Leadership, the latter two approved last month at the October 2012 Board Meeting. The former two programs were established within the past two years and productivity data are not yet available.

Projected Enrollment:
Clayton State University expects 40 students enrolled by Year 3.

Fiscal Summary:
Clayton State will launch and deliver the program using existing faculty who had been teaching in their declining Middle Grades Teacher Education program. The institution also anticipates hiring two new Education faculty in the 2012-2013 academic year. If additional new positions are needed they will be funded using redirected allocations from existing institutional budgets or from tuition and fees generated by program growth.

Facilities Impact:
As an online program, space utilization will primarily involve program support and administration.

Accountability:
The Office of Academic Affairs will work with the institution to measure the success and continued effectiveness of the proposed program. The program will be reviewed in concert with the institution's programmatic schedule of comprehensive program reviews.

5. Request for a Substantive Change to the Bachelor of Science in Mechanical Engineering, Georgia Institute of Technology

Recommendation: That the Board approve the request of President G. P. (Bud) Peterson that Georgia Institute of Technology ("GIT") be authorized for a degree credit hour waiver for the Bachelor of Science in Mechanical Engineering, effective November 13, 2012.

Abstract: GIT seeks approval for a degree credit hour waiver for the Bachelor of Science in Mechanical Engineering to increase total credit hour requirements from 126 to 129 semester hours. An increase in the credit hour requirement is attributable to an increase in the number of free electives offered through the program. Additional electives were added in order to provide degree flexibility in terms of the students who choose a depth option (allows students to pursue a concentration within mechanical engineering) or breadth option (allows students to pursue interests in areas outside mechanical engineering, such as study abroad, exchange programs or undergraduate research outside of mechanical engineering) in the program of study.

6. Request for a Substantive Change from the Bachelor of Arts with a major in Mathematics to a Bachelor of Science with a major in Mathematics, Albany State University

Recommendation: That the Board approve the request of President Everette J. Freeman that Albany State University ("ALSU") be authorized to substantively change the existing Bachelor of Arts with a major in Mathematics to a Bachelor of Science with a major in Mathematics, effective November 13, 2012.

Abstract: ALSU seeks to substantively change the existing Bachelor of Arts with a major in Mathematics to a Bachelor of Science with a major in Mathematics. Based on an institutional curricular review, it was determined that the program of study was more representative of a Bachelor of Science degree designed for graduates to work in business and/or industry instead of a Bachelor of Arts degree designed to prepare graduates for a potential master's degree education. An institutional examination of national and disciplinary norms indicates that most mathematics graduates exit Bachelor of Science degree programs. Additional mathematics courses have been added to the curriculum to strengthen the major and promote student success in focusing on select mathematics fields and achieving the learning outcomes that will result in a well-prepared graduate.

7. Termination of Eight Degree Programs at Three Institutions:

Recommendation: That the Board approve the requests of President Michael F. Adams, President Lisa Rossbacher, and President Timothy S. Mescon, that their respective institutions be authorized to terminate the following degree programs, effective November 13, 2012.

Abstract: All institutions have confirmed that there are no students matriculating through these programs and there will be no adverse impact on faculty members or students by terminating these programs.

a. Doctor of Philosophy in Medical Microbiology, University of Georgia

b. Bachelor of Science with a Major in Manufacturing , Southern Polytechnic State University

c. Six Programs at Columbus State University
    i. Bachelor of Arts with a major in Mathematics with Teacher Certification
    ii. Bachelor of Arts with a major in Biology with Teacher Certification
    iii. Bachelor of Arts with a major in Chemistry with Teacher Certification
    iv. Bachelor of Science with a major in Geology with Teacher Certification
    v. Bachelor of Science with a major in Geology
    vi. Associate of Applied Science in Applied Computer Science

8. Establishment of a New Regents' Teaching Excellence Award for Online Teaching

Recommendation: That the Board approve the recommendation of the Executive Committee of the USG Foundation to establish a new award that recognizes and encourages outstanding work in online teaching and learning, within the existing Regents' Teaching Excellence Award Program, effective November 13, 2012.

Abstract: The existing Regents' Teaching Excellence Award Program is a well-established and valued way for the Board to recognize demonstrated educational excellence in University System faculty. Each year the Program receives between 25 and 35 nominations from our campuses, an indication of how much institutions value the award program. In the existing program three individual faculty are recognized, one each from three institutional sectors (research institutions, state universities, and state college/two year institutions). One or two individual awards are also given in the category of the scholarship of teaching and learning. The USG Foundation provides a cash award of $5,000 to the individual winners. There is also an award given to an outstanding department/academic program and the $5000 award is funded by the Office of Academic Affairs.

The new award would be dedicated to encourage and recognize an additional area of excellence in a growing area of teaching and learning, online instructional delivery. The $5,000 award would support outstanding faculty who are engaging students in online teaching and learning.

9. Request for a Waiver in Board of Regents' Policy 8.3.7.4-Award of Tenure, Gainesville State College

Recommendation: That the Board approve the one-time request of Interim President Randy Pierce, with the support of President Bonita Jacobs, that Gainesville State College be allowed to waive the required probationary period of at least five years of full-time service per Board of Regents Policy 8.3.7.4, Award of Tenure, for the academic year 2012-2013, effective November 13, 2012.

Abstract: According to BOR Policy 8.3.7.4, "Tenure may be awarded, upon approval of the president, upon completion of a probationary period of at least five (5) years of full-time service at the rank of assistant professor or higher (BoR Minutes, August 2007)." At Gainesville State College, tenure-track faculty are typically reviewed for tenure during their fifth year of full-time service, and with the positive recommendation of the President, are awarded tenure effective in their sixth year of service.

However, because of the consolidation of Gainesville State College and North Georgia College and State University, faculty at Gainesville State College will experience an institutional mission level change upon the Board's approval of the new consolidated institution as the University of North Georgia. This institutional level change will negatively impact a few tenure-track faculty at Gainesville State College who will then have to immediately have a terminal degree or its equivalent in order to be considered eligible for tenure at a state university (per the minimum criteria for tenure stated in Board Policy 8.3.7.3). Currently, Board Policy as it relates to tenure at Gainesville State College does not require faculty to hold the terminal degree, so these faculty would be eligible to apply for tenure at a state college with the degrees they currently hold. Because of the unprecedented occurrence of consolidation and the uniqueness of the consolidation of these two institutions in terms of the institutional level change that will occur, these faculty will no longer be eligible for tenure at the new institution.

According to Interim President Pierce, there are five members of the faculty Gainesville State College who have been diligently pursuing tenure under current state college criteria, are currently in their fourth year of service at the rank of assistant professor or higher, and would have been eligible for tenure review in fall of 2013. The specific request of Dr. Pierce is to waive the required five-year probationary period for the award of tenure to allow these five faculty to be reviewed for tenure during the current academic year, their fourth year of service to the institution. The request would still require the faculty to be thoroughly reviewed for tenure and would waive one-year of the required five year probationary service for these three faculty members.

10. **Establishment of the Class of 1958 Professorship, Georgia Institute of Technology**

Recommendation: That the Board approve the request of President G. P. (Bud) Peterson that Georgia Institute of Technology ("GIT") be authorized to establish the Class of 1958 Professorship, effective November 13, 2012.

Abstract: GIT seeks approval to establish the Class of 1958 Professorship in the Ivan Allen College of Liberal Arts. The endowed position is supported through the generosity of the Class of 1958. The Class of 1958 Professorship was established to enhance the teaching of writing and communications to current and future generations at Georgia Tech. The Professorship shall serve to enhance the School of Literature, Media, and Communication's ability to attract and retain teacher-scholars. The Class of 1958, at their 50th reunion, redirected funds raised during prior reunions and made additional gifts to create the special endowed position. The Georgia Tech Foundation has confirmed that funds are available to support the professorship and total to at least $750,000.

11. Establishment of the John H. Weitnauer Jr. Chair and GRA Eminent Scholar in Engineering, Georgia Institute of Technology

Recommendation: That the Board approve the request of President G. P. (Bud) Peterson that Georgia Institute of Technology ("GIT") be authorized to establish the John H. Weitnauer Jr. Chair and GRA Eminent Scholar in Engineering, effective November 13, 2012.

Abstract: GIT seeks approval to establish the John H. Weitnauer Jr. Chair and GRA Eminent Scholar in Engineering. The endowed position is supported through the generosity of John H. Weitnauer Jr. It is anticipated that the chair will enhance the College of Engineering's ability to attract and retain eminent teacher-scholars. The Georgia Tech Foundation has confirmed that funds are available to support the endowed chair and total to at least $1.5million.

Biosketch: Mr. John H. Weitnauer retired as chairman and CEO of Richway, the discount division of Rich's department stores in 1986. Mr. Weitnauer spent his career with the company beginning as a store manager for several Atlanta area locations. He was promoted successively to serve as Senior Vice President, Executive Vice President, and then President before he was named Chairman and CEO in 1980. Mr. Weitnauer also served as Interim Chairman, CEO, and President of John H. Harland Company in 1998.

12. Establishment of Sam and Jacquie Rawls Distinguished Professorship in Music, Columbus State University

Recommendation: That the Board approve the request of President Timothy S. Mescon that Columbus State University ("CSU") be authorized to establish the Sam and Jacquie Rawls Distinguished Professorship in Music, effective November 13, 2012.

Abstract: Columbus State University seeks to establish the Sam and Jacquie Rawls Distinguished Professorship in Music. The endowed position is supported through the generosity and community fundraising efforts spearheaded by Mr. and Mrs. John D. Pezold. The Columbus State University Foundation has confirmed that funds are available to support the endowed position and total to $204,450 as of October 10, 2012. The Rawls Distinguished Professorship will support the creative efforts of the Director of the School of Music to enhance expected levels of scholarship. The Schwob School of Music has developed a reputation of distinction nationally. The School is currently in the process of conducting a national search to select its next director. The endowed gift will enhance the employment package the University can offer to attract a director of national stature.

Biosketch: Sam and Jacquie Rawls made a significant impact on the city of Columbus and the region. Mr. Rawls was active in his church and a stalwart supporter of the arts in addition to his work in the insurance business. As a member of the chamber of commerce and the Rotary Club, Mr. Rawls found no job too small or challenge too large when he served on boards or was providing resources and talent in support of Fort Benning and the Schwob School of Music at Columbus State University.

With Mrs. Jacquie Rawls at his side, they positively impacted innumerable lives with their generosity and their sincere desire to help others. Mr. Rawls was also known for his charming sense of humor even by those who were the targets of his barbs. Through his example several persons in the Columbus area community credit him with bridging an impasse which resulted in a local private club accepting Jewish members.

This gift is quite appropriate because it will carry on the passion and commitment Mr. and Mrs. Rawls had for the students and faculty of the Schwob School of Music.

13. Named Faculty Positions Appointments

Institutional requests to appoint faculty with the appropriate qualifications into named faculty positions are found in the supplemental agenda.

14. Information Item: Update on Next Generation Learning Challenge Grant

At the April 2012 USG Board of Regents meeting, the Committee on Academic Affairs was informed that the System Office was submitting a proposal to the Next Generation Learning Challenges (NGLC), a national initiative to improve college readiness and completion, led by EDUCAUSE and principally funded by the Bill & Melinda Gates Foundation and the William & Flora Hewlett Foundation. The University System of Georgia was awarded a $1,000,000 grant from the initiative in October to develop a "Breakthrough Model for College Completion." Working with Columbus State University as the primary implementation partner, this effort will develop a more affordable on-line Bachelor of Arts in Communication with a Civic Leadership focus. The program includes lofty goals: reducing costs of delivery, reducing costs to students, and achieving unprecedented graduation rates, quickly scaling to reach 5,000 enrolled students within a five year timeframe.

Nancy Millichap, Program Officer for NGLC, will be speaking to the Committee about the grant and expected outcomes.

15. Information Item: Reassignment of the Skidaway Institute of Oceanography to the University of Georgia

An update on the reassignment of the Skidaway Institute of Oceanography to the University of Georgia will be provided. The Institute currently reports to the Chancellor and a new alignment between the Institute and the University could streamline operations and enhance the research efforts of both Skidaway and UGA's excellent marine and coastal programs. The new alignment is also supported by Georgia Tech and Savannah State University. The reassignment of the Institute will be presented to the Board in January 2013 for action.

AGENDA

COMMITTEE ON ORGANIZATION & LAW

November 13, 2012

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1. Bylaw Amendment: Institutional Names

Bylaw I.6 Institutions of the University System

The University System of Georgia shall consist of the following institutions and such other institutions as may be established by the Regents from time to time:

Research Universities
Georgia Institute of Technology~~, Atlanta~~
Georgia Regents University
Georgia State University~~, Atlanta~~
~~Georgia Health Sciences University, Augusta~~
University of Georgia~~, Athens~~

Regional Universities
Georgia Southern University~~, Statesboro~~
Valdosta State University~~, Valdosta~~

State Universities
Albany State University~~, Albany~~
Armstrong Atlantic State University~~, Savannah~~
~~Augusta State University, Augusta~~
Clayton State University~~, Morrow~~
Columbus State University~~, Columbus~~
Fort Valley State University~~, Fort Valley~~
Georgia College & State University~~, Milledgeville~~
Georgia Southwestern State University~~, Americus~~
Kennesaw State University~~, Marietta~~
~~North Georgia College & State University, Dahlonega~~
Savannah State University~~, Savannah~~
Southern Polytechnic State University~~, Marietta~~
University of North Georgia
University of West Georgia~~, Carrollton~~

State Colleges
Abraham Baldwin Agricultural College~~, Tifton~~
Atlanta Metropolitan State College~~, Atlanta~~
College of Coastal Georgia~~, Brunswick~~
Dalton State College~~, Dalton~~
Darton State College~~, Albany~~
East Georgia State College~~, Swainsboro~~

~~Gainesville State College, Gainesville~~
Georgia Gwinnett College~~, Lawrenceville~~
Georgia Highlands College~~, Rome~~
Georgia Perimeter College~~, Decatur~~
Gordon *State* College~~, Barnesville~~
~~Macon State College, Macon~~
~~Middle Georgia College, Cochran~~
~~South Georgia College, Douglas~~
South Georgia State College
Middle Georgia State College

Two-Year Colleges
Bainbridge College~~, Bainbridge~~
~~Waycross College, Waycross~~

2. Executive Session: Applications for Review and Legal Matters

Applications for review are appeals made to the Board of Regents pursuant to Article VIII of the Bylaws. They are typically personnel matters and issues of academic status, which are discussed in executive session.

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COMMITTEE ON FINANCE AND BUSINESS OPERATIONS

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COMMITTEE ON FINANCE AND BUSINESS OPERATIONS

November 13, 2012

1. Amendment to the Fiscal Year 2014 Capital Budget Request

Recommended: That the Board approve an amendment to the fiscal year (FY) 2014 Capital Budget Request to include $10 million to construct a facility in Warner Robins and $4.75 million to construct the Armstrong Atlantic State University Hinesville Center.

Background: In August 2012, the Board approved the total capital request of $259.8 million for the University System of Georgia and the request of $19.8 million in state funds for twelve public library projects for the Georgia Public Library Service.

Two additional projects are being requested to support the growing instructional needs of the military population. A facility in Warner Robins will provide space for the Technical College System of Georgia and the University System of Georgia to expand program offerings to the military and meet the growing instructional needs of what will become Middle Georgia State College. The proposed facility is anticipated to be 50,000 square feet at an estimated cost of $10 million.

A facility in Hinesville, Georgia is needed to accommodate the military outreach of Armstrong Atlantic State University (AASU). AASU has a significant presence in Hinesville focused on outreach to Fort Stewart. A larger, more modern facility is needed to enhance program offerings. This facility would replace the smaller classroom facility located in a declining strip shopping center. The proposed Armstrong Atlantic State University Hinesville Center is anticipated to be approximately 20,000 square feet at a cost of $4.75 million. The City of Hinesville has committed $3.6 million in land acquisition and improvements to date, with an additional $1.4 million to be dedicated to further acquisition and improvements.

The amended FY 2014 capital request is $274.55 million. Appendix I shows the amended list of capital projects.

2. Approval of Increase to the Student Activity and Recreation Center Fee, Gordon College

Recommended: That the Board approve the request of Gordon College to increase the Student Activity and Recreation Center fee from $125 to $139 per semester, effective Fall 2013.

Background: The master plan completed for Gordon College identified a deficit in general use space. The proposed Student Activity and Recreation Center will be an approximately 50,000 square foot facility that includes student activity and recreation spaces such as gathering space, multi-purpose meeting rooms, basketball court, locker rooms, fitness rooms, game room, food retail and study rooms. This facility will provide needed space for the student body at Gordon College. The total estimated project cost is $12,048,000. The facility is expected to open fall 2014.

In August 2012, the Board approved the establishment of the new Student Activity and Recreation Center fee of $125 per semester, effective Fall 2013. The Committee on Real Estate and Facilities approved authorization of the project during the August board meeting. During the Fall 2012 semester, Gordon College experienced a decline in enrollment of 10.6 percent in Fall 2012, creating a need to re-evaluate the assumptions used in the project pro-forma. The $139 fee is needed to support the project at the original budget of $12,048,000. The additional $14 fee increase was approved by the student fee committee.

3. Approval of the Athletic Facility Fee, Georgia Southern University

Recommended: That the Board approve the request of Georgia Southern University to establish a mandatory fee of $40 per semester for the purposes of expanding the Paulson Stadium and constructing a new football operations building. The approval of this fee is contingent upon the approval of authorization of the project by the Committee on Real Estate and Facilities. The Athletic Facility Fee will be effective Fall 2013.

Background: The 18,000-seat Paulson Stadium, constructed in 1984, will be expanded by approximately 6,000 seats to increase capacity. Currently, the stadium has 4,000 seats dedicated for student use, which accommodates approximately 20% of the total student body. Student attendance in 2011 averaged over 8,500 and surpassed 9,000 on several occasions. The additional seats will be dedicated for student seating. A 57,000 square-foot, state-of-the-art Football Operations Center at the east end of the stadium will provide coaches' offices, team meeting rooms, locker rooms, rehabilitation rooms, weight room and the Georgia Southern Football Hall of Fame.

The proposed $40 Athletic Facility Fee is comprised of a **$25 new fee** and a $15 redirection of the current approved $154 athletic fee. The $25 new fee was voted on by the entire student body. Over 9,500, or 55% of eligible voters, turned out; the fee passed with a 71% approval rate. Revenue generated from Athletic Facility Fee will be used to support the debt service and operating expenses (as outlined in the proforma statements) to construct the expansion of Paulson Stadium and the new football operations building.

The total project budget of $23,119,000 will be funded through a public private venture. The estimated construction cost for this project is $16,300,000.

4. Athletic Football Bowl Subdivision (FBS) Fee, Georgia Southern University

Recommended: That the Board approve the request of Georgia Southern University to establish a mandatory fee of $75 per semester for the purpose of supporting the financial obligations of becoming a member of the Football Bowl Subdivision within the NCAA. The fee is contingent upon Georgia Southern University's joining the conference. The fee will only be collected if Georgia Southern University becomes a member of the new conference. The fee will begin the first full semester after joining the conference.

Recommended Further: That Board authorization for the fee expires on December 31, 2013 should Georgia Southern University not join the conference by that date. The fee will require reauthorization by the Board.

Background: Georgia Southern University is seeking to move up to the Football Bowl Subdivision within the NCAA to compete and succeed at the highest possible level and gain national recognition for their athletic programs.

The $75 new fee was voted on by the entire student body. Over 9,500, or 55% of eligible voters, turned out; the fee passed with a 61% approval rate. Revenue generated from Athletic FBS Fee will be used to support financial obligations of becoming a member of the Football Bowl Subdivision within the NCAA. The revenue will be used for an increase in student-athlete scholarships, team travel, operations, and funding an additional female sport.

5. Approval of Modifications to the Recreation Center Fee, Macon State College

Recommended: That the Board approve charging the Recreation Center Fee as follows: $140 to students enrolled for any class on the Macon campus, $40 to students enrolled on the Warner Robins campus, effective Spring 2013. Students enrolled at other campuses will not pay this fee.

Recommended Further: That the Board retroactively approve the suspension of the collection of the Recreation Center fee of $140 for Fall 2012. The fee will be reinstated Spring 2013.

Recommended Further: That the Recreation Center Fee be renamed the Recreation and Wellness Fee.

Background: In April 2011, the Board approved a new Recreation Center fee at Macon State College in the amount of $140 per semester, effective Fall 2011. The Recreation fee has two components: $100 to support the design and construction of the new student recreation center, including using the funds specifically to cover the lease payments associated with the Public Private Venture (PPV) and general operations of the facility and $40 to support recreation and wellness programs at the Macon and Warner Robins campuses.

The Recreation Center will provide the greatest benefit to students attending the Macon Campus (based on the location); however, a portion of the fee was used to repurpose space at the Warner Robins facility to provide recreation opportunities. The Warner Robins Activity Center & Café (W.R.A.C.C.), funded by the Recreation & Wellness Fee, opened in two phases to serve the students at the Warner Robins Center. First, a 600 square-foot room was remodeled into a Fitness Center with weight and cardio machines, mirrored walls and cushioned floors. This area opened in September 2011. In September 2012, a 2,445 square-foot recreation/lounge area opened with cushioned lounge seating, video gaming area, ping pong table, pool table, and a café. Additionally, group fitness classes are available for students at the Warner Robins Recreation Department adjacent to the campus and signage is now in place for the campus walking trail. Macon State is in negotiations with the City of Warner Robins regarding the construction of a Tennis Complex on the Warner Robins campus. This would provide additional sports/recreation opportunities for the students at the Warner Robins Center. The reduced fee charged to students enrolled at the Warner Robins facility is based on the level of service.

The Board approved the consolidation of Macon State College and Middle Georgia College, to be effective January 8, 2013. The construction of the new recreation center was temporarily placed on hold to allow time for proper planning to ensure the appropriateness of the facility in the new consolidated environment. As such, the management of Macon State College made a decision to suspend the fee effective Fall 2012 pending a final decision regarding the project. The fee will be reinstated in Spring 2013.

6. Approval of Professional Program Tuition for Doctor of Education in Student Affairs Leadership, University of Georgia

Recommended: That the Board approve the request of President Michael F. Adams of the University of Georgia for a professional program, in-state student tuition rate of $4,239 per semester and a professional program, out-of-state student tuition rate of $11,575 per semester for the Doctor of Education in Student Affairs Leadership degree program, effective Summer 2013, contingent upon approval of the program by the Board of Regents.

Background: The Board of Regents will be considering approval of the establishment of the Doctor of Education in Student Affairs Leadership at the University of Georgia (UGA) during the November 2012 meeting. The new program, if approved, is scheduled to begin Summer 2013. UGA has requested that the program's proposed tuition rate be considered for approval at the Board's November 2012 meeting as well. The program will reside in UGA's Department of Counseling and Human Development Services in the College of Education with classes primarily taught at UGA's Griffin campus. Some summer courses are planned to be offered at UGA's Athens campus. This program is designed to be completed in three years for part-time students with an optional fourth year, if needed, for dissertation completion. The program will be directed toward current student affairs professionals and mid-level administrators at higher education institutions or organizations who are employed full-time and need a part-time doctoral program. The program will be designed to enable students to understand, apply, analyze and evaluate relevant theoretical perspectives related to college students and their development, the higher education context and the student affairs profession. The program also will equip students to apply, analyze and evaluate relevant methods of inquiry in order to effectively understand, articulate, research, answer and respond to problems and questions inherent in and presented by student affairs practice.

UGA is requesting Board approval of the professional program tuition of $4,239 per semester for in-state students and $11,575 per semester for out-of-state students, effective Summer 2013. The proposed tuition rates are identical to the rates for the UGA's existing College of Education professional graduate degree programs. The requested tuition rate is nationally competitive, consistent with Board Policy 7.3.1.5. The differential tuition will be applied towards enhancing the quality of program delivery for the new professional program.

7. Information Item: Report on First Quarter Revenues and Expenditures

The Vice Chancellor Fiscal Affairs, John Brown, will present information on the Report on First Quarter Revenues and Expenditures for the University System of Georgia.

AGENDA

COMMITTEE ON REAL ESTATE AND FACILITIES

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AGENDA

COMMITTEE ON REAL ESTATE AND FACILITIES

November 13, 2012

1. Information Item: Integrated Evaluation of Proposals

In accordance with the Chancellor's direction set in July 2011, and associated October 2011 memo to Presidents, requests for Academic Programs, Student Fees and/or Capital Outlay for Facilities will be initially vetted through an integrated evaluation by the Academic, Fiscal Affairs, Audit and Facilities Vice Chancellors.

Specifically regarding Real Estate and Facilities Proposals - All facilities related proposals, regardless of funding source, should begin with a concept proposal submitted to the Office of Real Estate and Facilities. The development of the concept proposal should not require any significant expenditure of funds nor consultants to work at risk. Together Academic, Fiscal Affairs, Audit and Facilities staff will perform an initial, simultaneous review to determine whether the concept should proceed for more in-depth project development and analysis. The focus in the initial review will be on whether the project is needed and what alternatives exist.

Integrated evaluation of campus facilities related proposals has resulted in the following potential items:

1. Georgia State University - Science Park Phase II. This nine floor 65,676 square foot building will include teaching laboratories, research laboratories, and support space. The project will be developed in phases with the first phase including two finished floors, seven shell floors and a mechanical floor.

The **next step** involves the appropriate level of detailed development including definition of scope, all due diligence, financing and requisite authorizations by the Board. This stage of detailed analysis will continue to involve Academic, Fiscal Affairs and Audit.

2. Information Item: Environmental Update Report

In conformance with Board of Regents policy 9.12.4, Environmental and Occupational Safety, the University System of Georgia Chief Facilities Officer, Interim Vice Chancellor Lee H. Richey, will update the Board on environmental and occupational safety activities for Fiscal Year 2012.

3. Executive Session

Materials to be handed out in executive session.

4. Acquisition of Real Property, Georgia Highway 15, Oconee and Greene Counties, University of Georgia

Recommended: That the Board authorize the purchase of approximately 660.48 acres of agriculturally improved real property located on Georgia Highway 15 in Oconee and Greene Counties, from L.G. Curtis & Son, Inc. (the "Grantor") for $2,641,920 for the use and benefit of the University of Georgia ("UGA").

Recommended further: That acquisition of this real property be subject to the successful mitigation of all identified environmental hazards and independent professional verification that no remaining environmental issues remain before the real property is acquired.

Recommended further: That the legal details involved with this purchase of real property be handled by the Georgia Department of Law.

Understandings: In August 2012, the Board authorized the sale of the approximately 522 acre Plant Sciences Farm and was advised that the proceeds from the sale will be used by UGA for crop research, including acquisition of appropriate crop research property.

Acquisition of this real property is consistent with the UGA master plan. This property provides the required soil types for research and accessibility from UGA's main campus.

The real property contains several equipment sheds and grain silos. Additionally, there is an approximately 70 acre pond on the real property.

If acquired, the property is expected to require a capital investment of $3,200,000 for irrigation systems and related equipment; construction of a headquarters building and grain bins and dryers. Further action by the Board may be required for this project.

Three independent appraisals of the real property are as:

Appraiser	Appraised Value	Average
J. L. Lee, MAI	$1,780,000	
J. William Parker, MAI	$2,850,000	$2,533,333
Robert A. Jaeger, MAI	$2,970,000	

If acquired, Grantor will have up to ten months to remove its equipment from the property. The Grantor will reserve an access easement to a 400 square foot property containing an iron horse statue. Additionally, Grantor will be provided a right to use the 70 acre pond on the property for personal recreation purposes.

Funding for the purchase is from the proceeds of the sale of the Plant Sciences Farm.

5. Acquisition of Real Property, 2717 Livingston Avenue, Savannah, Savannah State University

Recommended: That the Board authorize the purchase of approximately 5.99 acres of improved real property located at 2717 Livingston Avenue, Savannah, from Savannah Italian Club, Inc. (the "Seller") for $396,000 for the use and benefit of Savannah State University ("SSU").

Recommended further: That the legal details involved with this purchase of real property be handled by the Georgia Department of Law.

Understandings: Acquisition of this real property is consistent with the SSU master plan.

This real property is improved with a 4,814 square foot one story wood frame building constructed in 1991 in generally good condition. If acquired $250,000 will be invested to renovate and equip the facility for use by SSU the marine sciences department. Approximately 2.70 acres of the real property are marsh lands.

Three independent appraisals of the real property are as follows:

Appraiser	Appraised Value	Average
F. Andrew DeWitt, Savannah	$400,000	
Brian F. Considine, MAI, Savannah	$400,000	$384,667
Stanley M. Mullings, Savannah	$354,000	

An environmental site assessment has been conducted and indicates no significant adverse environmental issues.

There are no restrictions on the acquisition and no known reversions, restrictions, or adverse easements on the real property.

Funding for the purchase, renovation and equipping this facility is from institutional funds.

6. Acquisition of Real Property, 933 - 941 Front Avenue, Columbus, Columbus State University

Recommended: That the Board authorize the purchase of approximately 0.665 acre of improved real property located at 933 - 941 Front Avenue, Columbus, from Foundation Properties, Inc. (the "Foundation") for $1,200,000 for the use and benefit of Columbus State University ("CSU").

Recommended further: That acquisition of this real property be subject to completion of a facility condition analysis indicating no significant maintenance, repair or replacement issues.

Recommended further: That the Board declare the ground floor of the building on the real property to be no longer advantageously useful to CSU or other units of the University System, but only to the extent of allowing the continuation of use by Wexford Group.

Recommended further: That the Board authorize the execution of a rental agreement with the Foundation as tenant for the ground floor of the building on the real property until January 31, 2015 to permit the continued occupancy of Wexford Group.

Recommended further: That the legal details involved with this purchase of real property be handled by the Georgia Department of Law.

Understandings: This acquisition of real property was identified to the Board as part of the Integrated Review Information Item in October 2012.

Acquisition of this real property is consistent with the CSU master plan.

This real property is improved with a two-story, 16,326 square foot, wood frame former railroad depot in good condition.

If acquired the building will be used by the CSU art department for art studios and classrooms.

This real property was acquired by the Foundation in January 2004 for $1,991,650.

Three independent appraisals of the real property are as:

Appraiser	Appraised Value	Average
William B. Cliatt, Columbus	$1,200,000	
Rick L. Norris, Columbus	$1,200,000	$1,300,000
Scott L. Boice, Columbus	$1,500,000	

An environmental site assessment has been conducted and indicates no significant adverse environmental issues.

6. Acquisition of Real Property, 933 - 941 Front Avenue, Columbus, Columbus State University (continued)

There are no restrictions on the acquisition and no known reversions, restrictions, or adverse easements on the real property.

Funding for this purchase is enabled by a gift to the Columbus State University Foundation from The Mildred Miller Fort Foundation. The Columbus State University Foundation will provide this amount to CSU for this acquisition.

7. Gift of Real Property, 793 Marietta Street, Atlanta, Georgia Institute of Technology

Recommended: That the Board accept a gift of approximately 1.44 acres of improved real property located at 793 Marietta Street, Atlanta, from GT Real Estate Services, LLC (the "LLC") for the use and benefit of the Georgia Institute of Technology ("GIT").

Recommended further: That the legal details involved with accepting this gift of real property be handled by the Georgia Department of Law.

Understandings: This gift of real property was identified to the Board as part of the Integrated Review Information Item in October 2012.

Acquisition of this real property is consistent with the GIT master plan.

This real property is improved with a 17,000 square foot one-story, plus mezzanine, masonry warehouse building constructed in the 1970's in average condition.

If acquired the real property will be held for future development of one or more academic buildings. The immediate use of the existing structure will be storage.

This real property was acquired by the LLC in June 2012 for $2,700,000. An appraisal conducted by James C. Cook, MAI, Atlanta, in June 2012 values the property at $3,450,000.

An environmental site assessment has been conducted and indicates no significant adverse environmental issues.

There are no restrictions on the gift and no known reversions, restrictions, or adverse easements on the real property.

8. Transfer of Title to Real Property, Maddox Chapel Road, Dalton State College

Recommended: That the Board declare approximately 3.35 acres of improved real property located on Maddox Chapel Road, Dalton, to be no longer advantageously useful to Dalton State College ("DSC") or other units of the University System of Georgia ("USG") but only to the extent and for the purpose of allowing the transfer of title to this real property for the benefit of DSC and the USG.

Recommended further: That the Board authorize the transfer of title to the above real property to the State of Georgia for the benefit of the Technical College System of Georgia ("TCSG").

Recommended further: That any legal details involved with this transfer of title of the above real property be handled by the Georgia Department of Law.

Understandings: In April 2007 the Board accepted a gift of this real property from Whitfield County Board of Education.

Academic Building at Whitfield Career Academy received State General Obligation ("G.O.") Bond funding in Fiscal Year ("FY") 2006 and FY 2007. The building was completed July 2010 and occupied August 2010. The property is currently jointly used by DSC and TCSG.

9. Exchange of Real Property, College Station Road, Athens-Clark County, University of Georgia

Recommended: That the Board declare approximately 12.28 acres of real property on the campus of the University of Georgia ("UGA") to be no longer advantageously useful to UGA or other units of the University System of Georgia but only to the extent the real property is required for an exchange of real property with Athens-Clarke County (the "County").

Recommended further: That the Board convey title to the above-referenced real property to the County.

Recommended further: That the Board accept title to approximately 24.17 acres of real property from the County for the use and benefit of UGA.

Recommended further: That the legal details involved with this exchange of real property be handled by the Georgia Department of Law.

Understandings: In June 2006 the Board authorized conveyance of approximately 12.57 acres of real property to the County. In April 2009 the Board approved a non-exclusive easement to the County to construct a bridge from College Station Road across the North Oconee River. Consideration for this easement was a five year option for the Board to acquire, via like size property exchange, the approximately 24.17 acre site. At that time the Board was informed that further action would be required to complete the exchange of real property. The consideration for the acquisition of this approximately 24.17 acres are these prior Board actions, including conveyance of approximately 12.57 acres, plus this approximately 12.28 acre conveyance.

The County has constructed a new water reclamation facility and has decommissioned and removed the North Oconee Water Reclamation Facility from the approximately 24.17 acres of real property now being transferred to the Board. An environmental assessment of this property was completed following the County's decommissioning and indicates that there are no significant adverse findings.

10. Resolution 2012 General Obligation Bond Issue, Georgia State Financing and Investment Commission, University System of Georgia

Recommended: That the Board adopt the Resolution prepared by the Revenue Division of the Department of Law covering the issuance of 2012 General Obligation Bonds (the "G. O. Bonds") by the State of Georgia through the Georgia State Financing and Investment Commission for use in funding projects for the University System of Georgia.

The Revenue Division of the Office of the Attorney General has prepared on behalf of the Board of Regents a Resolution (Appendix I) to cover the sale of 2012 G. O. Bonds for the following projects:

FY 2011 Capital Project Funding			
J-183	"Humanities - Law Building"		
	Georgia State University		1,200,000
		Subtotal:	$1,200,000
FY 2013 Capital Project Funding			
J-164	"Biology Building"		
	Georgia Southern University		2,800,000
J-189	"Education Classroom Facility"		
	Kennesaw State University		2,300,000
GPL-59	"Construct Milner Public Library"		
	Lamar County, Milner, Georgia		780,000
		Subtotal:	$5,880,000
		Total Bond Sale:	**$7,080,000**

11. Authorization of Project, Project No. PPV-66-1301A, Paulson Stadium Expansion and Project No. PPV-66-1301B, Football Operations Center, Georgia Southern University

Recommended: That the Board authorize Project No. PPV-66-1301A, Paulson Stadium Expansion and Project No. PPV-66-1301B, Football Operations Center, Georgia Southern University ("GSOU") with a total project budget of $23,119,000 to be funded through a public private venture.

Understandings: The 18,000-seat Paulson Stadium, constructed in 1984, will be expanded by approximately 6,000 seats. A 57,000 square foot state-of-the-art Football Operations Center at the east end of the stadium will provide coaches offices, team meeting rooms, locker rooms, rehabilitation rooms, weight room and the Georgia Southern Football Hall of Fame.

The estimated construction cost for these projects is $16,300,000.

These projects were not envisioned as part of GSOU's master plan.

If authorized by the Board, the University System Office staff and GSOU will proceed with design and construction of these projects in accordance with Board of Regents procedures.

12. Authorization of Project, Project No. BR-91-1301, Welcome Center, Macon State College

Recommended: That the Board authorize Project No. BR-91-1301, Welcome Center, Macon State College ("MSC"), with a total project budget of $1,750,000 to be funded from private funds.

Understandings: This project was identified to the Board as part of the Integrated Review Information Item in October 2012. The approximately 7,000 square foot building will house the student hospitality center, campus gateway and information center, advancement staff and event facility, and Waddell Barnes Botanical Garden Headquarters.

The total estimated construction cost for this project is $1,430,000.

This project is consistent with MSC's campus master plan.

Private donations in the amount of the total project budget need to be in hand prior to commencing building construction.

If authorized by the Board, the University System Office staff and MSC will proceed with design and construction of the project in accordance with Board of Regents procedures.

13. Authorization of Project, Project No. BR-50-1301, 100 Auburn Avenue (Former Atlanta Life Insurance Building) Renovation, Georgia State University

Recommended: That the Board authorize Project No. BR-50-1301, 100 Auburn Avenue (Former Atlanta Life Insurance Building) Renovation, Georgia State University ("GSU") with a total project budget of $5,948,000 to be funded from GSU institutional funds.

Understandings: In May 2012 the Board authorized acquisition of this real property. This project was identified to the Board as part of the Integrated Review Information Item in October 2012. This renovated building will be occupied by the GSU Admissions Office, GSU Welcome Center, GSU Honors College, GSU Alumni Relations and administration offices.

The estimated construction cost for this project is $4,540,000.

The project is consistent with GSU's master plan.

If authorized by the Board, the University System Office staff and GSU will proceed with design and construction of the project in accordance with Board of Regents procedures.

14. Appointment of Design Professional Firm, Project No. BR-10-1304, Business Learning Center - Phase I, University of Georgia

Recommended: That the Board appoint the first-named design professional firm listed below for the identified project and authorize the execution of a contract with the identified firm. Should it not be possible to execute a contract with the top-ranked firm, staff will then attempt to execute a contract with the other listed firms in rank order.

Following public advertisement by the UGA Real Estate Foundation, Inc., a qualifications-based selection process was held in accordance with Board of Regents procedures. The following recommendation is made:

Project No. BR-10-1304 Business Learning Center - Phase I, University of Georgia

Project Description: This project was authorized by the Board in October 2012. The multi-story academic facility will serve the programmatic functions of the Terry College of Business support offices including Business, Development and Alumni, Marketing, Career Services, and Information Technology as well as the graduate MBA and PHD academic programs. Located within the Northwest Precinct, the new facility will anchor the future build out of the Business Learning Center as the Terry College of Business relocates its full program to this site in subsequent phases.

This design selection will include design for Phase I and programming through schematic design for future phases. Separate design selections will be conducted for comprehensive design professional services for future project phases.

The project will be funded from private donations.

Total Project Cost:	$35,000,000
Construction Cost (Stated Cost Limitation):	$22,450,000

Number of firms that applied for this commission: 16

Recommended firms in rank order:
1.
2.
3.

15. Ground Lease and Rental Agreement, Project No. PPV-91-1001, Student Wellness and Recreation Center, Macon State College

Recommended: That the Board declare approximately 1.53 acres of unimproved real property on the campus of Macon State College ("MSC") to be no longer advantageously useful to MSC or other units of the University System of Georgia, but only to the extent and for the purpose of allowing this real property to be ground leased to the Macon State College Foundation Real Estate II, LLC, (the "LLC") for the purpose of providing an approximately 82,499 square foot ("sf") Student Wellness and Recreation Center, and site amenities (the "Center").

Recommended further: That the Board authorize the execution of ground leases, including necessary access, use, and construction easements and encroachments, between the Board of Regents, Lessor, and the LLC, Lessee, for the above referenced approximately 1.53 acres of real property on the campus of MSC for a period not to exceed 32 years (not to exceed 30 years from the date the LLC obtains a certificate of occupancy for the Center and providing a construction period of not more than two years), with an option to renew for up to an additional five years should there be debt outstanding at the end of the original ground lease term.

Recommended further: That the Board authorize the execution of a rental agreement between the LLC, Landlord, and the Board of Regents, Tenant, for the Center for the period commencing on the first day of the first month after the LLC obtains a certificate of occupancy but not earlier than March 1, 2014 and ending the following June 30 at no rent, with an option to renew for one year at a rent not to exceed $1,670,000, with further consecutive options to renew on a year-to-year basis until June 30, 2042 with rent increasing no more than 1% for each further consecutive option period exercised.

Recommended further: That the terms of these agreements be subject to review and legal approval of the Georgia Department of Law.

Understandings: In June 2011 the Board was informed about the Student Wellness and Recreation Center project. In August 2011 the Board authorized the project, and appointed a program management firm, design professional firm, and construction management firm.

The anticipated schedule is for the LLC to have a bond closing by the end of December 2012, and commence construction immediately thereafter. Construction is expected to be completed by March 2014 to allow immediate occupancy.

At the end of the term of the ground lease, the real property, all improvements, and any accumulated capital reserves will become the property of the Board of Regents.

16. Rental Agreement Fortezza, Montepulciano, Italy, Kennesaw State University

Recommended: That the Board authorize the execution of a rental and occupancy agreement between KSU Real Estate Foundation (the "Foundation"), Landlord, and the Board of Regents, Tenant, for approximately 4,000 square feet of classroom and faculty offices located within the historic Fortezza of Montepulciano, Tuscany, Italy, for the period January 2014 through December 2038 at a rent of $520,000 for the entire term for the use of Kennesaw State University ("KSU").

Recommended further: That the terms of this rental agreement be subject to review and legal approval of the Georgia Department of Law.

Understandings: This rental was identified to the Board as part of the Integrated Review Information Item in October 2012. This space will be used by the KSU Study Abroad Program for classroom and other academic uses in support of the mission of KSU. KSU has operated the Study Abroad Program in Montepulciano since 1997.

The rent is from private donations and the KSU Foundation.

Operating expenses, including janitorial and maintenance, are estimated to be $20,000 per year annualized.

17. Amendment to Rental Agreement, 190 - 210 Technology Circle, Savannah, Georgia Institute of Technology

Recommended: That the Board authorize the execution of a rental agreement between TUFF Savannah Leased Facility, LLC (the "LLC"), Landlord, and the Board of Regents, Tenant, for approximately 96,899 square feet ("sf") of classroom, laboratory, and student support space located at 190 - 210 Technology Circle, Savannah, for the period January 1, 2013, through June 30, 2013, at a monthly rent of $157,000 ($1,849,900 per year annualized/$19.08 per sf per year) with options to renew on a year-to-year basis for nineteen consecutive one-year periods plus one additional six month period with rent increasing 2.5% per year for the first six option periods and no increase in rent for the remaining option periods, for the use of Georgia Institute of Technology ("GIT").

Recommended further: That the terms of this rental agreement be subject to review and legal approval of the Georgia Department of Law.

Understandings: In June 2002 the Board authorized renting this facility. This facility will continue to be used by GIT for undergraduate experiential learning, education programs for the military, executive and noncredit education, Professional Master's degrees and regional applied research in support of the mission of GIT.

This amendment will lower the annual rent, provide for three additional option years, and provide the ability to use the facility for private use.

Operating expenses, including utilities, janitorial, and maintenance costs, are estimated to be $508,000 per year annualized.

18. Naming of the Steel's Diamond at Blazer Park, Valdosta State University

Recommended: That the Board approve the naming of the women's softball facility, located on Valdosta State University's ("VSU") North Campus, "Steel's Diamond at Blazer Park," in recognition of Chuck and Susan Steel.

Understandings: President William J. McKinney confirms that this naming conforms to the VSU naming guidelines and with the Board of Regents naming policy.

Chuck and Susan Steel are the owners of Steel's Jewelry Store located at Summit Point in Valdosta. Joining them in the family-run business are their son, Adam, daughter-in-law Nicole, and daughter Elizabeth Steel Oliver, a 2003 graduate of VSU's Langdale College of Business.

Steel's Jewelry has made a significant ten-year financial commitment to the VSU Softball Program. The Steels have agreed that this naming will be in effect for a period of 25 years so that additional philanthropic support may be generated by VSU if the opportunity arises. Steel's Jewelry annually donates jewelry to multiple VSU events including the VSU Annual Gala, VSU's Men's and Women's Basketball dinner Auctions, VSU Football Auction, Valdosta Symphony Orchestra Ball, the Peach State Summer Theatre Dinner, and the Music Scholarship Alliance Auction. In addition to the significant ten-year financial commitment, the Steel's donations to the above events have assisted VSU in raising funds for these other important university events. The Steels have also contributed to a variety of other VSU programs. Steel's Jewelry is one of the major sponsors for the Annual Rotary Club of Valdosta Duck Derby which raises money to fight hunger, benefiting the Second Harvest of Valdosta.

19. Naming of the Edwin A. Thompson Student Center, Atlanta Metropolitan College

Recommended: That the Board approve the naming of the Student Activity Center at Atlanta Metropolitan State College ("AMSC") the "Edwin A. Thompson Student Center" in recognition of Mr. Edwin A. Thompson.

Understandings: President Gary A. McGaha confirms that this naming conforms to the AMSC naming guidelines and with the Board of Regents naming policy.

Edwin A. Thompson, Ed.D. was the founding president of Atlanta Junior College, now AMSC, and served from 1974 to 1994. Under his valuable leadership, the institution received a solid foundation with strong academic programs and student growth. Dr. Thompson's outstanding forty years of service, leadership, and commitment to education included service as a high school principal and senior level administrator in the Atlanta Public School System prior to becoming president of Atlanta Junior College.

Presently, there are no buildings on this campus that have been named for the founding President. His twenty years as president of this institution speaks volumes to the dedication and service he gave to AMSC. Dr. Thompson's family continues to support AMSC and provides scholarship support to AMSC.

20. Naming of the Diane Davies Museum of Natural History, Rock Eagle 4-H Center, University of Georgia

Recommended: That the Board approve the naming of the University of Georgia ("UGA") Museum of Natural History at the Rock Eagle 4-H Center the "Diane L. Davies Museum of Natural History" in honor of Diane Lynn Davies.

Understandings: President Dr. Michael F. Adams confirms that this naming conforms to the UGA naming guidelines and with the Board of Regents naming policy.

In 1979 Diane Lynn Davies developed an environmental education program for Georgia 4-H at Rock Eagle 4-H Center. During the first year, this program served 2,200 students. The program was expanded to Jekyll Island in 1984 and to Tybee Island in 1986. With further program expansions, programs are now offered at the Burton 4-H Center, the Wahsega 4-H Center, and the Fortson 4-H Center. Since the inception, the environmental education program has served nearly 900,000 students and produced over 50 million dollars in revenue for these 4-H Centers. The 4-H Environmental Education program brought hands on learning experiences to hundreds of thousands of young people throughout the state of Georgia and across the southeastern United States because of her efforts.

Ms. Davies was instrumental in successfully soliciting donations from the Cecil B. Day Foundation for the construction in 1990 of a Museum of Natural History at the Rock Eagle 4-H Center. Diane Davies has continued diligent efforts to seek additional private support to develop the museum which has a theme of natural history in the Georgia Piedmont dating from 265 million years and through the impact of modern day agriculture upon our lives. Included in the museum is a history of Rock Eagle 4-H Center and a learning laboratory for pre-K through 2nd grade students.

The legacy of her contribution to the Georgia 4-H Program is tremendous. She has also been instrumental in obtaining gifts for the development and enhancement of 4-H facilities including the Wildlife Ecology Building, the Woodruff Aquatic Buildings, and Project Adventure Ropes Courses.

Ms. Davies was a Kellogg Foundation Fellow and carried out additional environmental work in the Galapagos Islands.

AGENDA

COMMITTEE ON INTERNAL AUDIT, RISK, AND COMPLIANCE

November 13, 2012

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AGENDA

COMMITTEE ON INTERNAL AUDIT, RISK, AND COMPLIANCE

November 13, 2012

1. Information Item: Strategic Plan Update

The Office of Internal Audit and Compliance (OIAC) maintains a strategic plan in support of the overall University System of Georgia (USG) strategic plan. The OIAC's three strategic priorities are to:

a) Anticipate and help to prevent and to mitigate significant USG Governance, Risk Management, Compliance, and Internal Control (GRCC) issues.
b) Foster enduring cultural change that results in consistent and quality management of USG operations and GRCC practices.
c) Build and develop the OIAC team.

The OIAC's duties and responsibilities are specified in Board Policy and in the charter approved by the Board of Regents. At this meeting, Chief Audit Officer and Associate Vice Chancellor Mr. John Fuchko, III will update the Committee on the status of the OIAC's strategic plan implementation and solicit guidance on future strategic direction.

2. Executive Session: Personnel Matters

The Committee will meet in Executive Session to discuss personnel matters.

CUSTOMER SERVICE OVERVIEW

University System of Georgia is a large service provider in the State of Georgia. Achieving customer satisfaction is a key priority for any good service provider. Customer service is everyone's responsibility. Every time we interact with students, parents, alumni, vendors working with our employees, visitors, and citizens, we are causing a negative or positive perception and experience for our customers. To ensure that our quality of educational services meet or exceed our customers' expectations, it is important to create and maintain a positive customer-focused culture throughout the System.

One of the University System of Georgia's Strategic Goals is to increase efficiency and work as a System. Our challenge is to continuously implement systematic process improvement efforts across the system to improve effectiveness. The cost of not providing good customer service is a loss of employees and student retention. The Chancellor's leadership in making customer service a priority for Presidents will support the continued success of the program.

University System of Georgia Customer Service Champions

Institution	Champion	Position
Abraham Baldwin Agricultural College	Mr. Richard Spancake	Director of Human Resources
Albany State University	Mrs. Connie Leggett	Assistant Professor of Mathematics
Armstrong Atlantic State University	Ms. Rebecca Carroll	Human Resource Director
Atlanta Metropolitan State College	Ms. Deborah Scott	Director of Special Projects
Augusta State University	Mr. Walt Alexanderson	Director of Human Resources
Bainbridge College	Ms. Melissa Harrell	Instructor of Criminal Justice
Clayton State University	Ms. Carolina Amero	Asst. Vice President of Auxiliary & Administrative Services
College of Coastal Georgia	Ms. Phyllis Broadwell	Interim Director of Human Resources
Columbus State University	Ms. Laurie Jones	Director of Human Resources
Dalton State College	Ms. Brenda McMurray	Administrative Assistant
Darton State College	Mr. Ronnie Henry	Vice President, Business & Financial Services
East Georgia State College	Ms. Norma Woods	Director of Human Resources
Fort Valley State University	Ms. Allison E. Thomas	Administrative Assistant
Gainesville State College	Ms. Leora K. Myers	Assistant to the President
Georgia College & State University	Ms. Suzanne Pittman	Asst. Vice President for Enrollment Management
Georgia Gwinnett College	Ms. Katherine Kyle	Executive Director of Human Resources
Georgia Health Sciences University	Ms. Debra Arnold	Director of Training and Education
Georgia Highlands College	Mr. Todd Jones	Director of Admissions
Georgia Institute of Technology	Ms. Juana Cunningham	Director, Consulting Services
Georgia Perimeter College	Ms. Fran Mohr	Director of Customer Service
Georgia Southern University	Mr. Robert Meguiar	Training Coordinator
Georgia Southwestern State University	Mr. Stephen Snyder	Director of Public Relations and Development Officer
Georgia State University	Dr. Peter Lyons	Associate Provost for Institutional Effectiveness
Gordon State College	Dr. Dennis Chamberlain	Vice President of Student Affairs
Kennesaw State University	Ms. Paula Billups	Sr. Training Specialist
Macon State College	Ms. Lynn McCraney	Dean of Students
Middle Georgia College	Mr. Josh Foskey	Director of Student Accounts
North Georgia College & State University	Ms. Mary Newburn	Adm. Assistant to the Vice President for Student Affairs
Savannah State University	Mr. Shaunce Riley	Career Services Advisor
Shared Services Center	Ms. Karen Livingston	Customer Support Team Lead
Skidaway Institute of Oceanography	Mr. Mike Sullivan	Assistant Director
South Georgia College	Dr. Luck Watford	Instructional Technology Specialist
Southern Polytechnic State University	Dr. Ron Koger	Vice President for Student & Enrollment Services
University of Georgia	Mr. Tim Burgess	Senior Vice-President Office for Finance & Administration
University of West Georgia	Dr. Don Rice	Chair & Professor, Dept. of Psychology
Valdosta State University	Mr. Tim Yorkey	Training Specialist
Waycross College	Ms. Susanne Gibson	Assistant to the President
USG Customer Service Champion	Ms. Deborah Scott	Director of Special Projects

2012 Chancellor's Customer Service Individual and Team Gold Winners

Customer Service Individual Excellence Award
Ms. Shaina McGill, Senior Academic Advisor
Georgia College and State University

Customer Service Team Excellence Award
Research Vessel Savannah Crew
Mr. Michael Richter, Team Leader
Skidaway Institute of Oceanography

Outstanding Front Desk Support Team Award
The HUB
Ms. Shannon Thomas, Team Leader
Clayton State University

Customer Service Improvement Initiative Award
Publications and Printing Team's initiative to "Achieving Self-Sufficiency"
Ms. Sally Roberts, Initiative Leader
University of West Georgia

Customer Service Leadership Award
Ms. Patricia Barton, Director of Financial Aid
Clayton State University

Gold President and Institution of the Year Award
President Beheruz Sethna and the University of West Georgia Employees

AGENDA

COMMITTEE OF THE WHOLE
COMMITTEE ON FINANCE AND BUSINESS OPERATIONS
COMMITTEE ON REAL ESTATE AND FACILITIES
COMMITTEE ON INTERNAL AUDIT, RISK, AND COMPLIANCE

November 13, 2012

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AGENDA

COMMITTEE OF THE WHOLE
COMMITTEE ON FINANCE AND BUSINESS OPERATIONS
COMMITTEE ON REAL ESTATE AND FACILITIES
COMMITTEE ON INTERNAL AUDIT, RISK, AND COMPLIANCE

November 13, 2012

1. Policy Addition: 9.8.3 Capital Liability Capacity and Affordability

Recommended: That the Board approve the proposed addition to the *Policy Manual*, 9.8.3 Capital Liability Capacity and Affordability.

Background: The Public Private Venture (PPV) Program has existed within the University System of Georgia (USG) since 1997. Since that time, 175 projects representing $3.6B in outstanding capital lease obligations have been established. These projects generally are funded through revenue bonds held by USG cooperative organizations, e.g., real estate foundation LLCs. USG institutions enter into capital leases in the form of annually renewable rental agreements through which they obtain use of the building. The associated capital lease payments are used by the cooperative organization to make the required bond payment to the bond trustee. The capital lease payments generally are funded either through rents (such as dorm rents) or student fees (such as parking fee for parking decks). An institution's ability to enter into a PPV project is limited by the availability of revenues to fund the required capital lease payments. It is sound and prudent fiscal policy to restrict an institution's ability to enter into new PPV arrangements through limiting the percentage of revenues that can be dedicated to PPV capital lease payments.

The Capital Liability Capacity and Affordability policy will:

1. Establish the capital liability burden ratio (percentage of revenue dedicated to PPV capital lease payments) as the primary financial ratio by which new PPV projects will be evaluated;
2. Use the capital liability burden ratio to establish a five percent USG-wide limit on PPV capital lease payments; and,
3. Progressively restrict an institution's authority to propose new PPV projects insofar as the institution's capital liability burden ratio exceeds five percent while allowing for flexibility up to a hard cap of ten percent.

At this meeting, Vice Chancellor for Fiscal Affairs and Board Treasurer Mr. John E. Brown will present this item for discussion and approval. Interim Vice Chancellor for Real Estate and Facilities Mr. Lee Richey and Chief Audit Officer and Associate Vice Chancellor Mr. John M. Fuchko, III will assist Mr. Brown in his presentation.

Committee of the Whole November 13, 2012
Committee on Finance and Business Operations
Committee on Real Estate and Facilities
Committee on Internal Audit, Risk, and Compliance

1. Policy Addition: 9.8.3 Capital Liability Capacity and Affordability (Continued)

Proposed Policy Addition

9.8.3 Capital Liability Capacity and Affordability

Capital liability capacity is limited and directly impacts the affordability of education and services provided to University System of Georgia (USG) students. Therefore, resources used to fund capital liability lease payments must be managed strategically from an overall system perspective and from an institutional perspective. Capacity is an institution's ability to service capital liabilities through operations and is driven by strength in income, cash flows, and overall financial leverage.

It is the policy of the Board of Regents of the University System of Georgia (USG) to maintain its capacity to enter into capital lease agreements consistent with the underlying objectives of the Public Private Venture (PPV) program. To this end, the Board of Regents designates the capital liability burden ratio as a means to assess and to limit the USG's and a USG institution's authority to initiate new PPV projects. This limit is designed to serve as an additional control over the PPV program and adherence to these limits for proposed projects in no way guarantees approval of a PPV project.

The capital liability burden ratio shall consist of the percentage of total revenues in any given fiscal year that are used to pay an institution's capital lease payments associated with the PPV program. The method for calculating the capital liability burden ratio shall formally be defined by the USG Chief Fiscal Officer. The capital liability burden ratio reflects what percentage of an institution's income is used to make PPV payments and is a generally accepted method of measuring an institution's capacity to enter into additional PPV capital lease arrangements.

The capital liability burden ratio shall not exceed five (5) percent for the USG taken as a whole. To this end, institutions shall strive to ensure that new PPV projects submitted for approval do not exceed five (5) percent. Institutions may, consistent with approved strategic objectives and sound fiscal management, submit proposed PPV projects that result in a capital liability burden ratio that exceeds five (5) percent but the proposed PPV project should not exceed seven (7) percent. Finally, institutions may, under extraordinary circumstances, submit projects that exceed the seven (7) percent capital liability burden ratio but under no circumstances shall an institution submit a project for approval that exceeds a ten (10) percent capital liability burden ratio.

Committee of the Whole November 13, 2012
Committee on Finance and Business Operations
Committee on Real Estate and Facilities
Committee on Internal Audit, Risk, and Compliance

2. Policy Addition: 9.8.4 Capital Liability Reserve Fund

Recommended: That the Board approve the proposed addition to the *Policy Manual*, 9.8.4 Capital Liability Reserve Fund.

Background: The Public Private Venture (PPV) Program has existed within the University System of Georgia (USG) since 1997. Since that time, 175 projects representing $3.6B in outstanding capital lease obligations have been established. These projects generally are funded through revenue bonds held by USG cooperative organizations, e.g., real estate foundation LLCs. USG institutions enter into capital leases in the form of annually renewable rental agreements through which they obtain use of the building. The associated capital lease payments are used by the cooperative organization to make the required bond payment to the bond trustee. The capital lease payments generally are funded either through rents (such as dorm rents) or student fees (such as parking fee for parking decks). Project reserves are maintained by the Bond Trustee; however, it is prudent fiscal policy to ensure that the institution itself maintain a level of protection in addition to the USG as a whole maintaining its capacity to make the required capital lease payments. It is the intent of this policy to enhance our fiscal oversight through establishment of the Capital Liability Reserve Fund.

The Capital Liability Reserve Fund policy will:

1. Establish a fund for use in making PPV capital lease payments in those instances where an institution has exhausted its ability to internally fund a capital lease payments;
2. Establish a mechanism for fund distributions providing for approval by the Chancellor and prior notice to the Board of Regents; and,
3. Provide for procedures governing the fund to be established by the USG Chief Fiscal Officer.

At this meeting, Vice Chancellor for Fiscal Affairs and Board Treasurer Mr. John E. Brown will present this item for discussion and approval. Interim Vice Chancellor for Real Estate and Facilities Mr. Lee Richey and Chief Audit Officer and Associate Vice Chancellor Mr. John M. Fuchko, III will assist Mr. Brown in his presentation.

Proposed Policy Addition

9.8.4 Capital Liability Reserve Fund

It is the policy of the Board of Regents of the University System of Georgia to protect the fiscal integrity of the University System of Georgia (USG), to maintain the strongest possible credit

2. Policy Addition: 9.8.4 Capital Liability Reserve Fund (Continued)

ratings associated with Public Private Venture (PPV) projects, and to ensure that the Board of Regents can effectively support its long-term capital lease obligations. To this end, the Board of Regents shall establish a Capital Liability Reserve Fund (hereafter "Fund).

The Fund shall be funded by all USG institutions participating in the PPV program. The USG Chief Fiscal Officer shall determine from time to time the amount to be deposited by each participating institution into the Fund. The Fund shall serve as a pooled reserve controlled and administered by the Board of Regents. The Fund shall only be used to address significant shortfalls and only insofar as a requesting USG institution is unable to make the required PPV capital lease payment to the designated cooperative organization. The Fund will continue as long as the Board of Regents has rental obligations under the PPV program.

Fund distributions shall be made only with approval of the Chancellor and with prior notification to the Board of Regents. Requests for Fund distributions shall be made by the requesting institution's president. Fund distributions shall only be used to make the required rental payment and only in those circumstances in which the institution has exhausted its capacity to fund the rental payment using allowable funding sources. Institutional requests shall detail the justification for the distribution, a plan to reimburse the Fund, and a plan to make the project self-liquidating on a going-forward basis. Nothing in this Policy Manual relieves institutions of the expectation to maintain adequate institutional reserves consistent with prudent fiscal management as needed to mitigate the risk of non-payment of PPV capital lease payments.

The University System of Georgia Chief Fiscal Officer shall establish procedures governing the Fund to include the form and manner of payments to the fund, payment schedules, methods of distribution, required payments to the Fund, payment plan, penalties, and redistribution of fund assets associated either with an institution's cessation of participation in the PPV program or cessation of the PPV program for the University System of Georgia. It is the intent of this Policy to ensure equitable treatment of each institution consistent with their level of PPV capital lease payments, levels of risk, and prudent fiscal management.

3. Policy Addition: 9.8.5 Lease Rental Agreement Revisions: Refinancing

Recommended: That the Board approve the proposed addition to the *Policy Manual*, 9.8.5 Lease Rental Agreement Revisions: Refinancing.

Background: The Public Private Venture (PPV) Program has existed within the University System of Georgia (USG) since 1997. Since that time, 175 projects representing $3.6B in outstanding capital lease obligations have been established. These projects generally are funded through revenue bonds held by USG cooperative organizations, e.g., real estate foundation LLCs. USG institutions enter into capital leases in the form of annually renewable rental agreements through which they obtain use of the building. The associated capital lease payments are used by the cooperative organization to make the required bond payment to the bond trustee. The capital lease payments generally are funded either through rents (such as dorm rents) or student fees (such as parking fee for parking decks). From time to time, cooperative organizations may refinance the underlying debt in order to realize savings associated with more favorable terms. It is the intent of this policy to ensure that USG institutions participate in at least 50% of the savings associated with refinanced projects. These savings should be achieved through a revised capital lease (rental) agreement and these savings should inure to the benefit of students and the underlying strength of the PPV project at a given institution.

The Lease Rental Agreements Revisions: Refinancing policy will:

1. Require institutions to remain apprised of planned and actual refinancing activities involving PPV projects;
2. Negotiate with the cooperative organization to achieve a corresponding reduction in rental payments equal to at least 50% of the cooperative organization's savings while not extending the underlying length of the bond; and,
3. Provide for guidance on how institutions should use the resulting savings to the benefit of students.

At this meeting, Vice Chancellor for Fiscal Affairs and Board Treasurer Mr. John E. Brown will present this item for discussion and approval. Interim Vice Chancellor for Real Estate and Facilities Mr. Lee Richey and Chief Audit Officer and Associate Vice Chancellor Mr. John M. Fuchko, III will assist Mr. Brown in his presentation.

Proposed Policy Addition

3. Policy Addition: 9.8.5 Lease Rental Agreement Revisions: Refinancing (Continued)

9.8.5 Lease Rental Agreement Revisions: Refinancing

Capital lease payments associated with the University System of Georgia (USG) Public Private Venture (PPV) program made to cooperative organizations minimally are designed to support the required cooperative organization bond payment for principal and interest in addition to other costs as determined between the parties to the agreement. The portion of the PPV capital lease payment associated with the principal and interest is established consistent with the original terms of the revenue bond payment schedule required of the cooperative organization. A cooperative organization may, from time to time and at its own discretion, decide to refinance the original bond, revise the bond terms, or otherwise take action to manage risk and reduce costs associated with the bond debt.

It is the policy of the Board of Regents of the University System of Georgia that institutions shall monitor actions taken by cooperative organizations to refinance or otherwise alter the terms of the underlying bond debt. Insofar as the cooperative organization experiences a reduction in principal and interest payments, USG institutions shall ensure that they achieve a corresponding reduction in the associated capital lease payments equal to at least fifty (50) percent of the cooperative organization's savings. This reduction shall be achieved through renegotiating the rental agreement to which the USG institution and the cooperative organization are parties. USG institutions shall not renew rental agreements that have not been amended to reflect these savings. USG institutions should strive to ensure that the length of the original bond is not extended prior to agreeing to renew the underlying rental agreement; however, circumstances may arise when prudence would dictate otherwise.

USG institutions shall use any savings recognized through the renegotiated rental agreement to benefit students and to strengthen the PPV program at that institution. An institution may benefit students through reducing the current mandatory and/or special fees used to support the particular PPV facility, through eliminating a planned future fee increase, through improving services offered associated with the PPV facility, or through fully funding institutional PPV reserves. This list is not intended to be all-inclusive. Institutions shall notify the USG Chief Fiscal Officer of the planned use for realized savings.

4. Approval Item: Policy Revision: 9.8.2 Private Housing

Recommended: That the Board approve the revision to the *Policy Manual*, Section 9.8.2 Private Housing.

Background: Institution presidents currently are authorized to require that students live on campus consistent with sound educational reasons. Examples of mandated housing requirements may include required freshman housing, required housing for students originating outside of the institution's geographical area, or students in special academic programs. Under this proposed revision, institution presidents would continue to have the authority to require students to live on campus for sound educational reasons. However, institution presidents would be required to notify the Chancellor of this proposed requirement on a going-forward basis and the Chancellor may direct an institution president not to implement the on-campus living requirement.

Current Policy 9.8.2 Private Housing

The following policies shall govern off-campus private housing:

1. No private housing and/or attendant facilities shall be constructed on USG properties without the expressed written consent of the Board of Regents (BoR Minutes, 1984-85, pp. 119-20).
2. The Board of Regents reserves the right to construct housing and other student service facilities in any or all of USG institutions at anytime.
3. For sound educational reasons, a president may require students to live on campus (BoR Minutes, 1984-85, pp. 119-20).
4. Agreements may be entered into, with the approval of the Regents, between institutions and private housing operators to establish and make clear the terms and conditions upon which students are housed in the off-campus facilities, provided no financial or other restricting obligations, expressed or implied, are made on the part of the institutions of the Regents.
5. All institutions will cooperate with owners of private housing by providing complete information concerning facilities available to all students (BoR Minutes, 1968-69, pp. 182-183).

Proposed Policy Revision 9.8.2 Private Housing

The following policies shall govern off-campus private housing:

1. No private housing and/or attendant facilities shall be constructed on USG properties without the expressed written consent of the Board of Regents (BoR Minutes, 1984-85, pp. 119-20).

2. The Board of Regents reserves the right to construct housing and other student service facilities in any or all of USG institutions at anytime.
3. For sound educational reasons, a president may require students to live on campus **with prior notification to the Chancellor and subject to the Chancellor's review** (BoR Minutes, 1984-85, pp. 119-20).
4. Agreements may be entered into, with the approval of the Regents, between institutions and private housing operators to establish and make clear the terms and conditions upon which students are housed in the off-campus facilities, provided no financial or other restricting obligations, expressed or implied, are made on the part of the institutions ~~of~~ **or** the Regents.
5. All institutions will cooperate with owners of private housing by providing complete information concerning facilities available to all students (BoR Minutes, 1968-69, pp. 182-183).