

**MINUTES OF THE MEETING OF THE
BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA
HELD AT
Atlanta, Georgia
November 13, 2012**

CALL TO ORDER

The Board of Regents of the University System of Georgia met on Tuesday, November 13, 2012, in room 7007 of the Board's offices, 270 Washington St. SW, Atlanta, Georgia. The Chair of the Board, Regent Benjamin J. Tarbutton, III, called the meeting to order at approximately 9:51 a.m. on Tuesday, November 13. Present, in addition to Chair Tarbutton, were Vice Chair William H. NeSmith, Jr.; and Regents C. Dean Alford; Kenneth R. Bernard, Jr.; Larry R. Ellis; Rutledge A. Griffin, Jr.; Robert F. Hatcher; C. Thomas Hopkins, Jr.; James R. Jolly; Donald M. Leebern, Jr.; Doreen Stiles Poitevint; Willis J. Potts, Jr.; Neil L. Pruitt, Jr.; Kessel D. Stelling, Jr.; Richard L. Tucker; and Larry Walker. Sr. Regents W. Mansfield Jennings, Jr., and Philip A. Wilheit, Sr., were excused.

INVOCATION AND PLEDGE

The invocation and Pledge of Allegiance were given by Regent Doreen Stiles Poitevint.

SAFETY BRIEFING

The safety briefing was given by Chief Bruce Holmes.

ATTENDANCE REPORT

The attendance report was given by Secretary J. Burns Newsome.

APPROVAL OF MINUTES

The minutes of the Board of Regents meetings held on October 8-9, 2012, were unanimously approved.

PRESENTATION: RESEARCH AND COLLABORATION

Chair Tarbutton introduced and welcomed Executive Vice Chancellor for Academic Affairs Houston Davis, and Georgia Institute of Technology President G.P. "Bud" Peterson, at approximately 9:55 a.m. Executive Vice Chancellor Davis and President Peterson gave a presentation on the necessity for research and collaboration, and the benefits thereof to higher education, student experience, and economic development. A copy of Executive Vice Chancellor Davis' and President Peterson's presentation is on file with, and available for inspection in, the Office of the Secretary.

CUSTOMER SERVICE AWARD WINNERS

Chancellor Henry M. Huckaby, and Atlanta Metropolitan Director of Special Projects Deborah Scott, presented the Chancellor's Customer Service Award Winners at approximately 1:01 p.m. Tuesday, November 13, 2012. The honorees were: Customer Service Individual Excellence Award – Ms. Shaina McGill, Senior Academic Advisor, Georgia College and State University; Team Excellence Award – Mr. Michael Richter, Research Vessel Savannah Crew 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 Behruz Sethna and the University of West Georgia Employees.

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

Regent Larry Walker called as a Committee of the Whole a joint presentation by the Committees on Finance and Business; Internal Audit, Risk, and Compliance; and Real Estate and Facilities, at approximately 1:11 p.m. Tuesday, November 13, 2012. Regent Walker introduced Vice Chancellor for Fiscal Affairs John Brown; Interim Vice Chancellor for Facilities Lee Richey; and Associate Vice Chancellor for Internal Audit, Risk, and Compliance John Fuchko.

They presented four approval items – three policy additions and one policy revision – to the Board relating to the University System Public Private Venture Program. These policy guidelines will allow the USG to strategically manage the PPV program in a manner that will maintain a strong financial market position by preserving USG’s financial strength and credit-worthiness. The Board approved addition of Policies 9.8.3 Capital Liability Capacity and Affordability; 9.8.4 Capital Liability Reserve Fund; and 9.8.5 Lease Rental Agreement Revisions: Refinancing; and revision to Policy 9.8.2 Private Housing. Copies of these policies are attached as Appendix II. A copy of the Committee of the Whole’s presentation is on file with, and available for inspection in, the Office of the Secretary.

CHANCELLOR’S REPORT

Chancellor Henry M. Huckaby gave his report at approximately 2:13 p.m. on Tuesday, November 13, 2012. Chancellor Huckaby provided further information on the Board’s assimilation of the State of Georgia Archives in the coming year, and detailed anticipated transition. Details of the transfer of the Archives to the University System, and legislation related there to, will be determined during the 2013 legislative session. An audio recording of Chancellor Huckaby’s remarks is on file with, and available for inspection in, the Office of the Secretary to the Board.

COMMITTEE REPORTS

The reports of the standing committees are attached hereto.

ELECTION OF OFFICERS

Chairman Benjamin J. Tarbutton, III, called for an election of Board of Regents officers for the 2013-2014 fiscal year. With motion made and variously seconded, the Board unanimously approved Regent William H. NeSmith as Chair, and Regent Philip A. Wilheit, Sr., as Vice-Chair.

UNFINISHED BUSINESS

There was none.

NEW BUSINESS

Regent Kenneth R. Bernard, Jr., asked those present to save the date for the Regents' Salute to Education, its annual gala and University System of Georgia Foundation fund raiser, to be March 23, 2013.

With motion made and variously seconded, the Board unanimously approved delegation to Chancellor Henry M. Huckaby to act in the Board's best interests between adjournment of the November 13, 2012, meeting, and the next Board of Regents meeting on January 8, 2013.

PETITIONS AND COMMUNICATIONS

There were none.

CHAIRMAN'S REMARKS

Chairman Benjamin J. Tarbutton, III, thanked the Board, as well University System staff, for their dedication and efforts to the system during his tenure as chair.

EXECUTIVE SESSION

At approximately 3:17 p.m. on Tuesday, November 13, 2012, Chair Tarbutton called for an executive session for the purpose of discussing personnel matters. With motion properly made and variously seconded, the Regents voted unanimously to go into executive session. University System of Georgia staff members who were also present for portions of the executive session included Chancellor Huckaby and members of his staff. An affidavit regarding this executive session is on file with the Office of the Secretary to the Board.

At approximately 3:37 p.m. on Tuesday, November 13, 2012, Chair Tarbutton reconvened the Board meeting in its regular session and announced that no actions were taken during the executive session.


With motion properly made and variously seconded, the Board approved two items: waiver of Board Policy 2.1 solely for the president of East Georgia State College; and election of Dr. Robert Boehmer as President of East Georgia State College.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at approximately 3:45 p.m. on Tuesday, November 13, 2012.



Benjamin J. Tarbutton, III
Chair, Board of Regents
University System of Georgia



J. Burns Newsome
Secretary, Board of Regents
University System of Georgia

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MINUTES OF THE MEETING OF THE EXECUTIVE AND COMPENSATION COMMITTEE

The Executive and Compensation Committee of the Board of Regents of the University System of Georgia met on Tuesday, November 13, 2012, in Room 7019 of the Board's offices, 270 Washington St. SW. The chair of the committee, Regent Benjamin J. Tarbutton, III, called the meeting to order at approximately 9:15 a.m. Present, in addition to Chair Tarbutton, were Vice Chair William H. NeSmith; and Regents Robert F. Hatcher; James R. Jolly; Donald M. Leebern, Jr.; Willis J. Potts, Jr.; Doreen Stiles Poitevint; and Richard L. Tucker. Regent Philip A. Wilheit, Sr., was excused.

1. The Board approved a slate of Board of Regents meeting dates for the 2013 calendar year, which is on file with, and available for inspection in, the Office of the Secretary.

EXECUTIVE SESSION

At approximately 9:20 a.m. on Tuesday, November 13, 2012, Chair Benjamin J. Tarbutton, III, called for an executive session for the purpose of discussing personnel and compensation matters, as well as presidential searches. With motion properly made and seconded, the Regents who were present voted unanimously to go into executive session. An affidavit regarding this executive session is on file in the Office of the Secretary to the Board.

Chair Tarbutton reconvened the committee in its regular session at approximately 9:38 a.m. and announced that no actions were taken during executive session.

ADJOURNMENT

There being no further business to come before the committee, the meeting was adjourned at approximately 9:38 a.m. on Tuesday, November 13, 2012.

MINUTES OF THE MEETING OF THE COMMITTEE ON ACADEMIC AFFAIRS

The Committee on Academic Affairs met on Tuesday, November 13, 2012, at approximately 10:36 a.m. in Room 5158 of the Board's offices. Committee members in attendance were Chair Kessel D. Stelling, Jr.; and Regents C. Dean Alford; Larry R. Ellis; Rutledge A. Griffin, Jr.; Robert F. Hatcher; Doreen Stiles Poitevint; Willis J. Potts, Jr.; and Neil L. Pruitt, Jr. The Vice Chair of the Board, Regent William H. NeSmith, Jr., also was in attendance. Regent W. Mansfield Jennings, Jr., was excused.

1. The Board approved establishment of a Doctor of Education with a major in Student Affairs Leadership at the University of Georgia.
2. The Board approved establishment of a Master of Science in Civil Engineering at Southern Polytechnic State University.
3. The Board approved establishment of a Master of Science with a major in Exercise Science at Columbus State University.
4. The Board, in response to advanced certification rule changes by the Georgia Professional Standards Commission, approved development of an online Master of Education with a major in Teacher Leadership at Clayton State University.
5. The Board approved a substantive change to the Bachelor of Science in Mechanical Engineering at Georgia Institute of Technology.
6. The Board approved a substantive change from the Bachelor of Arts with a major in Mathematics to a Bachelor of Science with a major in Mathematics at Albany State University.
7. The Board approved termination of eight degree programs at three institutions:
 - a. Doctor of Philosophy in Medical Microbiology at University of Georgia
 - b. Bachelor of Science with a Major in Manufacturing at Southern Polytechnic University
 - c. Bachelor of Arts with a major in Mathematics with Teacher Certification; Bachelor of Arts with a major in Biology with Teacher Certification; Bachelor of Arts with a major in Chemistry with Teacher Certification; Bachelor of Science with a major in Geology with Teacher Certification; Bachelor of Science with a major in Geology; and Associate of Applied Science in Applied Computer Science at Columbus State University
8. The Board approved establishment of a new Regents' Teaching Excellence Award for Online Teaching
9. The Board approved a waiver in Board of Regents Policy 8.3.7.4 – Award of Tenure, to Gainesville State College
10. The Board approved certain named faculty appointments and endowed positions, copies of which are on file with, and available for inspection in, the Office of the Secretary to the Board.
11. The committee heard an update on the Next Generation Learning Challenge Grant.
12. The committee also heard an information item on the reassignment of the Skidaway Institute for

Oceanography to the University of Georgia.

ADJOURNMENT

There being no further business to come before the committee, the meeting was adjourned at approximately 11:30 a.m. on Tuesday, November 13, 2012.

MINUTES OF THE MEETING OF THE COMMITTEE ON ORGANIZATION AND LAW

The Committee on Organization and Law met on Tuesday, November 13, 2012, at approximately 11:30 a.m. in Room 5158 of the Board's offices. Committee members in attendance were Chair Larry R. Ellis; and Regents C. Dean Alford; Rutledge A. Griffin, Jr.; Robert F. Hatcher; Doreen Stiles Poitevint; Willis J. Potts, Jr.; Neil L. Pruitt, Jr.; and Kessel D. Stelling, Jr. The Vice Chair of the Board, Regent William H. NeSmith, Jr., also was in attendance. Regent W. Mansfield Jennings was excused.

1. The committee heard an informational item regarding amendment to the Board Bylaws, Bylaw I.6 Institutional Names, which will be brought to the Board for approval at its January 8, 2013, meeting.
2. The Board authorized Chancellor Henry M. Huckaby to resolve a legal dispute.

EXECUTIVE SESSION

At approximately 11:35 a.m. on Tuesday, November 13, 2012, Chair Ellis called for an executive session for the purpose of discussing personnel matters and student records. With motion properly made and seconded, the Regents who were present voted unanimously to go into executive session. An affidavit regarding this executive session is on file in the Office of the Secretary to the Board.

Chair Ellis reconvened the committee in its regular session at approximately 12:03 p.m. and announced that no actions were taken during executive session. With motion properly made and unanimously seconded, the Regents who were present voted to deny the applications for review submitted by Ms. Amy Anderson of the University of Georgia; Ms. Carol Lester-Hooks of Fort Valley State University; and three student applications for review, numbered 2206, 2208, and 2210. Regent C. Dean Alford recused himself from voting on appeal 2208.

ADJOURNMENT

There being no further business to come before the committee, the meeting was adjourned at approximately 12:05 p.m. on Tuesday, November 13, 2012.

MINUTES OF THE MEETING OF THE COMMITTEE ON FINANCE AND BUSINESS OPERATIONS

The Finance and Business Operations Committee of the Board of Regents of the University System of Georgia met at approximately 10:35 a.m. on Tuesday, November 13, 2012, in the room 7007 of the Board's offices, 270 Washington St. SW, Atlanta, Georgia. Present, in addition to Vice-Chair James R. Jolly, were Regents Kenneth R. Bernard, Jr.; Robert F. Hatcher; C. Thomas Hopkins, Jr.; Donald M. Leebern, Jr.; Richard L. Tucker; and Larry Walker. The Chair of the Board, Regent Benjamin J. Tarbutton, III, and Chancellor Henry M. Huckaby also were in attendance. Regent Philip A. Wilheit, Sr., was excused.

1. The Board approved an amendment to the Fiscal Year 2014 Capital Budget Request, to include two additional projects: \$10 million to construct a facility in Warner-Robins; and \$4.75 million to construct the Armstrong Atlantic State University Hinesville Center.
2. The Board approved an increase to the student activity and recreation center fee at Gordon College.
3. The Board approved establishment of a mandatory fee of \$40 per semester for expanding the Paulson Stadium and constructing a new football operations building at Georgia Southern University.
4. The Board approved modifications to the recreation center fee at Macon State College. Students enrolled on the Macon campus will pay the full fee amount of \$140, while students enrolled on the Warner-Robins campus will pay \$40.
5. The Board approved a \$75 athletic football bowl subdivision fee for Georgia Southern University, contingent upon the university joining the new conference. Board approval of the fee authorization will expire on December 31, 2013, if the university has yet to join the new conference by that date.
6. The Board approved the professional program tuition for the Doctor of Education in Student Affairs Leadership at the University of Georgia.
7. The committee heard information on the First Quarter Revenues and Expenditures for the University System of Georgia.

ADJOURNMENT

There being no further business to come before the committee, the meeting was adjourned at approximately 10:54 a.m. on Tuesday, November 13, 2012.

**MINUTES OF THE MEETING OF THE
COMMITTEE ON INTERNAL AUDIT, RISK, AND COMPLIANCE**

The Committee on Internal Audit, Risk, and Compliance of the Board of Regents of the University System of Georgia met at approximately 11:32 a.m. on Tuesday, November 13, 2012, in room 7007 of the Board's offices, 270 Washington St. SW, Atlanta, Georgia. The chair of the committee, Regent Kenneth R. Bernard, Jr., called the meeting to order. Present, in addition to Chair Bernard, were Regents Robert F. Hatcher; C. Thomas Hopkins, Jr.; James R. Jolly; Donald M. Leebern, Jr.; Richard L. Tucker; and Larry Walker. The Chair of the Board, Regent Benjamin J. Tarbutton, III, also was in attendance. Regent Philip A. Wilheit, Sr., was excused.

1. The committee heard an update the on the status of the Office of Internal Audit's OIAC's strategic plan implementation.

EXECUTIVE SESSION

At approximately 11:42 a.m. on Tuesday, November 13, 2012, Chair Bernard called for an executive session for the purpose of discussing personnel matters. With motion properly made and seconded, the Regents who were present voted unanimously to go into executive session. An affidavit regarding this executive session is on file in the Office of the Secretary to the Board.

Chair Bernard reconvened the committee in its regular session at approximately 11:50 a.m. and announced that no actions were taken during executive session.

ADJOURNMENT

There being no further business to come before the committee, the meeting was adjourned at approximately 12:01 p.m. on Tuesday, November 13, 2012.

MINUTES OF THE MEETING OF THE COMMITTEE ON REAL ESTATE AND FACILITIES

The Real Estate and Facilities Committee of the Board of Regents of the University System of Georgia met at approximately 10:55 a.m. on Tuesday, November 13, 2012, in room 7007 of the Board's offices, 270 Washington St. SW, Atlanta, Georgia. The chair of the committee, Regent Larry Walker, called the meeting to order. Present, in addition to Chair Walker, were Regents Kenneth R. Bernard, Jr.; Robert F. Hatcher; C. Thomas Hopkins, Jr.; and James R. Jolly. The Chair of the Board, Regent Benjamin J. Tarbutton, III, also was in attendance. Regents Donald M. Leebern, Jr.; Richard L. Tucker; and Philip A. Wilheit, Sr., were excused.

1. The committee heard an integrated evaluation of campus facilities-related proposals, resulting in the potential phase II of the Georgia State University Science Park. The nine floor, 65,676 square foot building will include teaching and 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. The committee heard an information item on environmental and occupational safety activities for Fiscal Year 2012.
3. At approximately 10:58 a.m. on Tuesday, November 13, 2012, Chair Walker called for an executive session for the purpose of discussing real property. With motion properly made and seconded, the Regents who were present voted unanimously to go into executive session. An affidavit regarding this executive session is on file in the Office of the Secretary to the Board.

Chair Walker reconvened the committee in its regular session at approximately 11:09 a.m. and announced that no actions were taken during executive session.

4. The Board authorized 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., for \$2,641,920 for the use and benefit of the University of Georgia. Acquisition of this real property is subject to the successful mitigation of all identified environmental hazards and independent professional verification thereof. Legal details involved with this purchase of real property will be handled by the Georgia Department of Law.
5. The Board authorized the purchase of approximately 5.99 acres of improved real property located at 2717 Livingston Avenue, Savannah, from Savannah Italian Club, Inc., for \$396,000, for the use and benefit of Savannah State University. The legal details involved with this purchase of real property will be handled by the Georgia Department of Law.
6. The Board authorized the purchase of approximately 0.665 acre of improved real property located at 933-941 Front Avenue, Columbus, from Foundation Properties, Inc., for \$1,200,000, for the use and benefit of Columbus State University. Acquisition of this real property is subject to completion of a facility condition analysis indicating no significant maintenance, repair or replacement issues. The Board further declared 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.

The Board further authorized the execution of a rental agreement with Foundation Properties, Inc., 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. The legal details involved with this purchase of real property will be handled by the Georgia Department of Law.

7. The Board accepted a gift of approximately 1.44 acres of improved real property located at 793 Marietta Street, Atlanta, from GT Real Estate Services, LLC, for the use and benefit of the Georgia Institute of Technology. The legal details involved with accepting this gift of real property will be handled by the Georgia Department of Law.

8. The Board declared approximately 3.35 acres of improved real property located on Maddox Chapel Road, Dalton, to be no longer advantageously useful to Dalton State College or other units of the University System of Georgia, but only to the extent and for the purpose of allowing the transfer of title to this real property for the benefit of Dalton State College and the University System of Georgia.

The Board authorized the transfer of title to the above real property to the State of Georgia for the benefit of the Technical College System of Georgia, for a consideration of \$10.00. Any legal details involved with this transfer of title of the above real property will be handled by the Georgia Department of Law.

9. The Board approved an exchange of real property with Athens-Clarke County. The Board declared approximately 12.28 acres of real property on the campus of the University of Georgia 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 Board conveyed title to the above-referenced real property to the County. The Board accepted title to approximately 24.17 acres of real property from the County for the use and benefit of UGA. The legal details involved with this exchange of real property will be handled by the Georgia Department of Law.

10. The Board adopted 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
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Subtotal: \$1,200,000

FY 2013 Capital Project Funding

J-164	"Biology Building"
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	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. The Board authorized Project No. PPV-66-1301A, Paulson Stadium Expansion, and Project No. PPV 66-1301B, Football Operations Center, at Georgia Southern University, with a total project budget of \$23,119,000 to be funded through a public private venture.

The estimated construction cost for these projects is \$16,300,000. These projects were not envisioned as part of GSOU’s master plan. The University System Office staff and Georgia Southern University will proceed with design and construction of these projects in accordance with Board of Regents procedures.

12. The Board authorized Project No. BR-91-1301, Welcome Center, Macon State College, with a total project budget of \$1,750,000 to be funded from private funds.

The total estimated construction cost for this project is \$1,430,000. This project is consistent with Macon State College’s campus master plan. Private donations in the amount of the total project budget need to be in hand prior to commencing building construction. The University System Office staff and Macon State College will proceed with design and construction of the project in accordance with Board of Regents procedures.

13. The Board authorized Project No. BR-50-1301, 100 Auburn Avenue (Former Atlanta Life Insurance Building) Renovation, Georgia State University, with a total project budget of \$5,948,000 to be funded from Georgia State University institutional funds.

The estimated construction cost for this project is \$4,540,000. The project is consistent with GSU’s master plan. The University System Office staff and Georgia State University will proceed with design and construction of the project in accordance with Board of Regents procedures.

14. The Board appointed the first-named design professional firm listed below for Project No. BR-10-1304, Business Learning Center – Phase I, University of Georgia, and authorized 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 University of Georgia Real Estate Foundation, Inc., a qualifications-based selection process was held in accordance with Board of Regents procedures. The following recommendation is made:

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. Rule Joy Trammel + Rubio, Atlanta
2. Collins Cooper Carusi, Atlanta
3. Smallwood, Reynolds, Stewart, Stewart, Atlanta
4. Stanley Beaman & Sears, Atlanta

15. The Board approved a ground lease and rental agreement for Project No. PPV-91-1001, Student Wellness and Recreation Center, Macon State College, and declared approximately 1.53 acres of unimproved real property on the campus of Macon State College to be no longer advantageously useful to the college 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, for the purpose of providing an approximately 82,499 square foot Student Wellness and Recreation Center, and site amenities.

The Board authorized the execution of ground leases, including necessary access, use, and construction easements and encroachments, between the Board of Regents and the LLC for the above referenced real property on the campus of Macon State College 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.

The Board further authorized the execution of a rental agreement between the LLC and the Board of Regents 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. The terms of these agreements will be subject to review and legal approval of the Georgia Department of Law.

16. The Board authorized the execution of a rental and occupancy agreement between Kennesaw State University Real Estate Foundation and the Board of Regents 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. The terms of this rental agreement will be subject to review and legal approval of the Georgia Department of Law.
17. The Board authorized the execution of a rental agreement between TUFF Savannah Leased Facility, LLC, and the Board of Regents for approximately 96,899 square feet 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 19 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”). The terms of this rental agreement will be subject to review and legal approval of the Georgia Department of Law.

18. The Board approved the naming of the women's softball facility, located on Valdosta State University's North Campus, "Steel's Diamond at Blazer Park," in recognition of Chuck and Susan Steel.
19. The Board approved the naming of the Student Activity Center at Atlanta Metropolitan State College the "Edwin A. Thompson Student Center," in recognition of Mr. Edwin A. Thompson.
20. The Board approved the naming of the University of Georgia 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.

ADJOURNMENT

There being no further business to come before the committee, the meeting was adjourned at approximately 11:32 a.m. on Tuesday, November 13, 2012.

**COMMITTEE OF THE WHOLE
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

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.

2. Policy Addition: 9.8.4 Capital Liability Reserve Fund

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 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

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. Proposed Policy Revision 9.8.2 Private Housing

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 any time.
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 and approval* (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).