

Virginia Tech Board of Visitors Meeting

March 29, 2004

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MINUTES
March 29, 2004

The Board of Visitors of Virginia Polytechnic Institute and State University met on Monday, March 29, 2004, at 1:00 p.m. in the Torgersen Hall Board Room at Blacksburg, Virginia.

Present**Absent**

Mr. Michael Anzilotti
Mr. Ben J. Davenport, Jr.
Mr. L. Bruce Holland
Dr. Hemant Kanakia
Mr. John R. Lawson, II
Mr. T. Rodman Layman
Ms. Sandra Stiner Lowe
Mr. Jacob A. Lutz, III
Mr. A. Ronald Petera
Mr. Thomas L. Robertson
Mr. John G. Rocovich, Jr.
Mr. James W. Severt, Sr.
Mr. Philip S. Thompson
Dr. Diane L. Zahm, President, Faculty Senate
Mr. Allan J. Bradley, Undergraduate Student Representative
Ms. Myrna Callison, Graduate Student Representative

Mr. Mitchell O. Carr (Was present only for committee meeting.)

Also present were the following: Dr. Charles Steger, Mr. Erv Blythe, Dr. James Bohland, Mr. Ralph Byers, Mr. Jerry Cain, Dr. Lanny Cross, Mr. John Cusimano, Dr. Karen DePauw, Dr. Ben Dixon, Dr. John Dooley, Mr. Bill Elvey, Dr. Elizabeth Flanagan, Dr. David Ford, Ms. Kay Heidbreder, Mr. Larry Hincker, Dr. Pat Hyer, Mr. Kurt Krause, Mr. Paul Lancaster, Dr. Mark McNamee, Mr. Stuart Mease, Ms. Kim O'Rourke, Ms. Ellen Plummer, Mr. Minnis Ridenour, Mr. Dwight Shelton, Ms. Sandy Smith, Dr. Ray Smoot, Mr. Jeb Stewart, Dr. Tom Tillar, Ms. Linda Woodard, Ms. Teresa Wright, faculty, staff, students, and reporters.

Mr. Rocovich asked for a motion to approve the minutes of the November 3, 2003, meeting as distributed. The motion was made by Mr. Thompson and seconded by Mr. Robertson. The minutes were approved unanimously.

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REPORT OF THE AD HOC COMMITTEE ON THE NARROW-TAILORING CONCEPT

Mr. Rocovich called on Mr. Davenport for a report of the Ad hoc Committee on the Narrow-Tailoring Concept. (Copy attached for the permanent files and marked Attachment A.)

Mr. Davenport directed his comments to the Rector. While this committee as such has completed its job, as an ongoing activity the committee would encourage the appointment of an appropriate committee to continue to review the actual results of the admissions process each year to assure that the desired results are being achieved.

Mr. Rocovich said if Virginia Tech can be in the top 30 in research, it can be among the top 30 leaders in meeting this obligation. The Rector thanked Provost McNamee for his work, commenting that he answered all of the hard questions and answered them well.

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REPORTS OF THE SPECIAL COMMITTEE ON RESEARCH

Mr. Rocovich called on Mr. Thompson for a report of the Special Committee on Research. (Copy attached for the permanent files and marked Attachment B.)

Mr. Thompson commented that quarterly reviews are anticipated in the future. When the new vice president for research begins work, he anticipates much greater involvement to help orchestrate direction and report back to the Board with specific work plans and actions that would be achieved.

Provost McNamee announced that the new Vice President for Research, Dr. Bradley W. Fenwick, will begin July 1, 2004. He will make several visits to campus prior to that date.

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REPORT OF THE ACADEMIC AFFAIRS COMMITTEE

Mr. Rocovich called on Mr. Davenport for a report of the Academic Affairs Committee. (Copy attached for the permanent files and marked Attachment C.)

Mr. Davenport reported that the committee wants to become very focused in assessing progress toward the university's goals by looking at a number of indicators.

Mr. Davenport commented that in regard to the goal of increasing Ph.D. enrollment by 900 students over the next six years, this is something that will need to be reviewed by the Finance and Audit Committee to determine economic feasibility. He commented that Dr. DePauw did an excellent job of reviewing how to move forward to expand our graduate student body.

Mr. Davenport commented that to eliminate confusion regarding dual career appointments, Provost McNamee will prepare a written statement.

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As part of the Academic Affairs Committee report, the following resolution was moved by Mr. Davenport, seconded by Dr. Kanakia, and was approved unanimously.

Resolution for Approval of Awarding of a Graduate Certificate

That the awarding of graduate certificates for completion of approved advanced educational programs be authorized by the Board of Visitors beginning with Spring term 2004, and that the Board delegates authority to the Graduate School for review and approval of graduate certificate programs in accordance with university guidelines. (Copy filed with the permanent minutes and marked Attachment D.)

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As part of the Academic Affairs Committee report, the following resolution was moved by Mr. Davenport, seconded by Mr. Lutz, and was approved unanimously.

**Resolution for Approval of the Revision of the
Veterinary Medicine Consulting Policy**

That the proposed revision to the consulting policy for faculty members in the College of Veterinary Medicine be approved for a two-year period as requested, and that university officials have the authority to make permanent the policy change if experience demonstrates that the consulting practices of the faculty are not creating inappropriate competition for the teaching hospital and/or Equine Medical Center. (Copy filed with the permanent minutes and marked Attachment E.)

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REPORT OF THE BUILDINGS AND GROUNDS COMMITTEE

Mr. Rocovich called on Mr. Petera (in Mr. Carr's absence) for a report of the Buildings and Grounds Committee. (Copy attached for permanent files and marked Attachment F.)

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As part of the Buildings and Grounds Committee report, the following resolution was moved by Mr. Petera, seconded by Mr. Severt and approved unanimously:

**Resolution for Blacksburg-Virginia Polytechnic Institute Sanitation
Authority Easement and Temporary Construction Easement**

That the resolution authorizing the Vice President for Business Affairs to execute the easement to Blacksburg-Virginia Polytechnic Institute Sanitation Authority be approved. (Copy attached for permanent files and marked Attachment G.)

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As part of the Buildings and Grounds Committee report, the following resolution was moved by Mr. Petera, seconded by Mr. Severt and approved unanimously:

**Resolution for Town of Blacksburg Easement and
Temporary Construction Easement**

That the resolution authorizing the Vice President for Business Affairs to execute the easement to the Town of Blacksburg be approved. (Copy attached for permanent files and marked Attachment H.)

Mr. Robertson questioned what process is followed when the lowest bid received is 50 percent over the budget. Mr. Bill Elvey, Assistant Vice President for Facilities, responded that depending on the circumstances there could be several options. In the case of the Dietrick Servedy, the university went back to the Department of Planning and Budget to obtain approval for an increase in the authorization. Other options might include reducing the scope of the project to accomplish less than what was originally envisioned.

Mr. Petera also noted that the staff has been asked to study the potential use of a Wi-Fi flat screen messaging system in the alumni conference center and the stadium that will incorporate Internet TV, a graphics package, and a fully integrated system. Mr. Rocovich asked if there is enough time for a good study by the June meeting in the event action is needed by the Board. Mr. Petera responded that he will leave that up to the staff, but thinks there would be enough time.

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REPORT OF THE FINANCE AND AUDIT COMMITTEE

Mr. Rocovich called on Mr. Lutz for the report of the Finance and Audit Committee. (Copy attached for permanent files and marked Attachment I.)

In regard to the recommendation regarding employee review of university policies and business standards, Mr. Lutz commented that management has come up with a policy statement and thus will be implementing a procedure over the next year regarding this reporting and certification.

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As part of the Finance and Audit Committee report, the following resolution was moved by Mr. Lutz, seconded by Mr. Thompson, and approved unanimously:

**Resolution for Approval of 2004-05
Tuition and Fees**

That the President and Executive Vice President and Chief Operating Officer are authorized to develop and implement a tuition and fee schedule for 2004-05 consistent with the attached schedule and this resolution.
(Copy filed with the permanent minutes and marked Attachment J.)

Mr. Lutz called on Mr. Ridenour to explain this resolution. Mr. Ridenour stated that the Board is being asked to approve an overall authorization for tuition and fees, which would allow the President to set the actual rates within this authorization as more is learned about the state budget and how much general fund monies VT may be receiving. Virginia Tech would also be subject to any further restrictions that may be imposed through the Appropriation Act. At the June meeting, the Board will have the opportunity to approve the actual budget. Mr. Ridenour then reviewed with the Board schedules A, B, and C enclosed with these minutes as part of attachment J.

He explained that Schedule B is an overall tuition and fees package – including tuition, comprehensive fee, academic fee, and room and board. These totals depict the maximum authorization being requested of the Board.

Schedule C compares the proposed tuition and fees rates for each set of students to our benchmark institutions. There is no significant impact to VT's position relative to our peers.

A question was raised about how the potential impact of higher tuition and fees on the number of applications might be gauged. Dr. David Ford, Vice Provost for Academic Affairs, responded that the total number of applications for fall 2004 were down about 900 or 1000 to 17,500 applications. In response to a question about the greater decrease in out-of-state applications, Dr. Ford responded that the decrease was about the same for domestic students as international students. President Steger added that previously students might apply to as many as 8 or 9 colleges, but that pattern has changed and students are applying to fewer colleges. Secondly, people are beginning to understand that it is much more difficult to be admitted to Virginia Tech than they previously realized. As a result fewer people are applying, and those who do apply are very strong students. Mr. Ridenour noted further that it is estimated that VT has the flexibility to raise total tuition and fees by as much as 13 percent on top of whatever increases our competitors institute without negatively impacting enrollment, adding that it is not VT's intention to do so. Any significant tuition and fee increase would have to be accompanied by an increase in the financial aid available.

Although the model builds more money into financial aid as tuition is increased, several Board members were concerned about the impact that higher tuition would have on the number of applications. A request was made for the university to conduct a comparative study of admissions applications when tuition is increased to determine if there is a decline in the number and, if so, whether the decline is overall or affects particular demographic groups more significantly than others. There is concern that a Virginia Tech education may become further out of reach for lower income students.

Mr. Lutz commented that the purpose for setting these rates today is to telegraph what our maximum will be. In the course of developing these numbers, we looked at all the right factors. We looked at where we need to go in terms of faculty salaries, providing more faculty to teach courses, and attracting highly qualified faculty. We considered staffing increases, base budget adequacy requirements, university initiatives, and the need to increase financial aid. In the course of doing this, obviously there have been numerous discussions between President Steger, Mr. Ridenour and others within university administration and within the leadership in the House and Senate, as well as with the Governor; and they have tested these levels of increases politically and have gotten favorable reactions to them. We feel we are well within the zone of what would be acceptable. He shared his belief that it is the responsibility of the Board members to use their best judgment in considering all of these factors and then to take appropriate action, which is why the Finance and Audit Committee brought forward this recommendation of a maximum increase to the full Board.

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As part of the Finance and Audit Committee report, the following resolution was moved by Mr. Lutz, seconded by Mr. Thompson, and was approved unanimously:

**Approval of Resolution of 2004-2005
Compensation for Graduate Assistantships**

That the stipend levels and graduate health insurance program be approved. (Copy filed with the permanent minutes and marked Attachment K.)

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As part of the Finance and Audit Committee report, the following resolution was moved by Mr. Lutz, seconded by Mr. Thompson, and was approved unanimously:

**Resolution for Approval of
Year-to-Date Financial Performance Report
(July 1, 2003-December 31, 2003)**

That the report of income and expenditures for the University Division and the Cooperative Extension/Agriculture Experiment Station Division for the period July 1, 2003 through December 31, 2003 and the Capital Outlay report be accepted. (Copy filed with the permanent minutes and marked Attachment L.)

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As part of the Finance and Audit Committee report, the following resolution was moved by Mr. Lutz, seconded by Mr. Thompson, and was approved unanimously:

Resolution Authorizing the Signature of Contractual Documents

That the proposed resolution designating contractual signature authority of the aforementioned be approved. (Copy filed with the permanent minutes and marked Attachment M.)

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As part of the Finance and Audit Committee report, approval of the following five resolutions for Lane Stadium financing and refunding series 1996 bonds as a group was moved by Mr. Thompson, seconded by Mr. Robertson, and was approved with one abstention. Note: Due to possible conflict of interest, Mr. Lutz recused himself from the discussion and recommendation regarding the Lane Stadium financing bonds and left the room, asking Mr. Thompson to present this item to the Board. (Copies filed with the permanent minutes and marked Attachment N.)

Resolution Authorizing and Securing the Athletic Facilities System Revenue Bonds

That the Athletic Facilities System Resolution identifying the President, the Executive Vice President, and the University Treasurer as authorized officers to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the sale of the bonds be approved.

Series Resolution Authorizing and Securing Athletic Facilities System and General Revenue Pledge Bonds, Series 2004D

That the Athletic Facilities System Series Resolution identifying the President, the Executive Vice President, and the University Treasurer as authorized officers to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the sale of bonds be approved.

Resolution Authorizing and Securing General Revenue Pledge Refunding Bonds, Series 2004A

That the General Revenue Pledge Refunding Resolution identifying the President, the Executive Vice President, and the University Treasurer as authorized officers to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the sale of bonds be approved.

Series Resolution Authorizing and Securing Dormitory and Dining Hall System and General Revenue Pledge Refunding Bonds, Series 2004B

That the Dormitory and Dining Hall System Series Resolution identifying the President, the Executive Vice President, and the University Treasurer as authorized officers to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the sale of bonds be approved.

Series Resolution Authorizing and Securing University Services System and General Revenue Pledge Refunding Bonds, Series 2004C

That the University Services System Series Resolution identifying the President, the Executive Vice President, and the University Treasurer as authorized officers to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the sale of bonds be approved.

Mr. Thompson noted that the total savings of the refinancing of the athletics bonds is about \$286,608, and the dormitory and dining and university services savings is \$2,749,646, for a total of \$3,036,254. This is a very good value proposition to consider.

Mr. Ridenour clarified that this is a self-contained package where all the monies go in and all the monies are invested. Through this process we are able to hold rates at a lower level than if we did not have this system.

Responding to a question about the difference between the athletics facilities system resolution and the athletics facilities series resolution, Mr. Cusimano, Associate Treasurer, responded that the master resolution creates the system and defines what types of bonds we can sell, and the series resolution gives the terms of the bonds.

Mr. Lutz returned to the meeting.

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As part of the Finance and Audit Committee report, the following resolution was moved by Mr. Lutz and seconded by Mr. Thompson, and was approved unanimously:

Resolution to Endorse the Conversion of WPI to a For-Profit Operation

That the resolution supporting the decision by WPI's Board of Directors to file Articles of Amendment to the WPI Articles of Incorporation authorizing the termination of the Affiliation Agreement and ownership exchange, and authorizing the Executive Vice President and Chief Operating Officer to take actions necessary to assist in the conversion of WPI to a stock corporation be approved. (Copy filed with the permanent minutes and marked Attachment O.)

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REPORT OF THE STUDENT AFFAIRS COMMITTEE

Mr. Rocovich called on Mr. Layman for the report of the Student Affairs Committee. (Copy attached for permanent files and marked Attachment P.)

Mr. Layman reported that this morning in conjunction with the Academic Affairs Committee and under the leadership of Dr. Cross and the great assistance of Ms. Callison, the Student Affairs Committee had breakfast with a large delegation of graduate student leaders. The sentiment among many of our graduate students is that Virginia Tech is one of the great places to come to graduate school. Many came because of the setting, the campus, the friendliness, and many came because of particularly outstanding internationally recognized professors. Nonetheless, many have very sincere and serious concerns about some of the benefits, especially health care benefits. It was reported that some of VT's competitors pay the full amount for health care for graduate students and Virginia Tech pays approximately 22 percent. Many graduate students can go on line and get health care cheaper than they can get it through the program that is provided here. The meeting was very productive. Provost McNamee and Dean DePauw will be working with the Student Affairs Committee to try to come to grips with some of these issues.

Mr. Layman added that Mr. Weaver made a brief comment on basketball. He spoke of the outstanding success in the late season of the men's basketball team. With reference to the departure of the head women's basketball coach, Mr. Weaver believed the reason to be monetary.

In addition to the Status Report on the Corps of Cadets, Mr. Layman added that General Allen read reports from our graduates about their recent experiences in Iraq emphasizing that the leadership training they received at the Virginia Tech Corps of Cadets was outstanding. He showed the committee excerpts from an outstanding new recruitment website for the Corps of Cadets. In regard to increased enrollment in the Corps of Cadets, there will be adequate facilities with the renovation of Lane Hall to accommodate at least 1,000. General Allen is proud that 80 percent of VT's graduating cadets received commissions, whereas that figure is only 35 percent at VMI and Texas A&M, and other schools are no higher.

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PRESIDENT'S REPORT ITEMS FOR BOARD APPROVAL AND INFORMATION

Mr. Rocovich called on President Steger for his report.

Review of the Enrollment Report for Spring Semester 1995-2004 (Copy filed with the permanent minutes and marked Attachment Q.)

President Steger reported that the enrollment is basically stable. He called attention to page 5 of the report, where impacts of the restructuring could be seen. For example, the enrollments in business, engineering and architecture are going up due to moving of departments while others are going down.

Virginia Tech will have to determine how to deal with the increasing number of students coming into the Virginia system. Also, the community college system has 10,000 more students today than they expected to have at this point in time, and soon many of those students will be seeking to transfer to Virginia's four-year institutions. President Steger has requested that the undergraduate admissions office closely monitor the number of transfer students that are applying and enrolling at Virginia Tech. It will also be interesting to see how the reduction in international applications impacts graduate enrollment in the future. Per Mr. Layman's request, a copy of the enrollments per the old college structure has also been provided.

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Motion to begin Closed Session

Mr. Lutz moved that the Board convene in a closed meeting, pursuant to § 2.2-3711, Code of Virginia, as amended, for the purposes of discussing:

1. Appointment of faculty to Emeritus status, the consideration of individual salaries of faculty, consideration of Endowed Professors, approval of the conflict of interest report, review of departments where specific individuals' performance will be discussed, and consideration of personnel changes including appointments, resignations, and salary adjustments of specific employees.
2. The status of current litigation and briefing on actual or probable litigation.
3. Discussion of grants and contracts for services to be performed by Virginia Tech and Georgetown University.

all pursuant to the following subparts of 2.2-3711 (A), Code of Virginia, as amended, .1, .7, and .8.

The motion was seconded by Mr. Holland and passed unanimously.

Motion to Return to Open Session

Following the Closed Session, members of the press, students, and the public were invited to return to the meeting. Mr. Rocovich called the meeting to order and asked Mr. Lutz to make the motion to return to open session.

Mr. Lutz made the following motion:

WHEREAS, the Board of Visitors of Virginia Polytechnic Institute and State University has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712 of the Code of Virginia requires a certification by the Board of Visitors that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that the Board of Visitors of Virginia Polytechnic Institute and State University hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Board of Visitors.

The motion was seconded by Mr. Thompson and passed unanimously.

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On recommendation of Mr. Rocovich, and after motion by Ms. Lowe and second by Mr. Thompson, unanimous approval was given to the resolutions for approval of **Emeritus Status** (10), as considered in Closed Session. (Copies attached for the permanent file and marked Attachment R.)

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On recommendation of Mr. Rocovich, and after motion by Mr. Thompson and second by Mr. Lutz, unanimous approval was given to the resolutions for approval of **Faculty Leaves: Study-Research** (12) **Research Assignments** (37) as considered in Closed Session. (Copies attached for the permanent file and marked Attachment S.)

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On recommendation of Mr. Rocovich, and after motion by Mr. Lutz and second by Mr. Thompson, unanimous approval was given to the resolutions for approval of **Endowed Professorships** (3), as considered in Closed Session. (Copy attached for the permanent file and marked Attachment T.)

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On recommendation of Mr. Rocovich, and after motion by Mr. Lutz and second by Mr. Thompson, unanimous approval was given to the **Resolution for Approval of Change of Duty Station** (1), as considered in Closed Session. (Copy attached for the permanent file and marked Attachment U.)

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On recommendation of Mr. Rocovich, and after motion by Mr. Layman and second by Mr. Thompson, unanimous approval was given to the **Ratification of the selection of 2004-05 Student Representatives to the Board**, as considered in Closed Session.

Mr. Rocovich called on Mr. Layman who called on Mr. Bradley and Ms. Callison to present their successors. Mr. Bradley introduced Ms. Melinda Cep. She will be a senior next year double-majoring in Animal and Poultry Sciences and Biochemistry. Ms. Callison introduced Mr. Marcus Ly, who is in Industrial and Systems Engineering.

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On recommendation of Mr. Rocovich, and after motion by Mr. Lutz and second by Mr. Thompson, unanimous approval was given to the **Resolution for the Ratification of the Personnel Changes Report**, as considered in Closed Session. (Copy attached for the permanent file and marked Attachment V.)

These items have been reviewed by the Academic Affairs Committee and the Finance and Audit Committee

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On recommendation of Mr. Rocovich, and after motion by Mr. Lutz and second by Mr. Thompson, approval was given to the **Resolution for Ratification of Bonuses for the 2003 Insight Bowl**, as considered in Closed Session, with one opposing vote by Mr. Petera. (Copy attached for the permanent file and marked Attachment W.)

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On recommendation of Mr. Rocovich, and after motion by Mr. Lutz and second by Mr. Thompson, approval was given to the **Resolution for Ratification of Research and Development Disclosure Report** as considered in Closed Session. (Copy attached for the permanent file and marked Attachment X.)

These items have been reviewed by the Academic Affairs Committee and the Finance and Audit Committee.

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On recommendation of Mr. Rocovich, and after motion by Mr. Lutz and second by Mr. Thompson, approval was given to the **Resolution for Approval of Virginia Bioinformatics Institute Policy Advisory Board Appointments**, as considered in Closed Session. (Copy attached for the permanent file and marked Attachment Y.)

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On recommendation of Mr. Rocovich, and after motion by Mr. Lutz and second by Mr. Thompson, approval was given to the **Resolution for Approval of a Special Salary Action**, as considered in Closed Session. (Copy attached for the permanent file and marked Attachment Z.)

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On recommendation of Mr. Rocovich, and after motion by Mr. Lutz and second by Mr. Thompson, approval was given to the **Resolution for Exception to the Virginia Conflict of Interest Act**, as considered in Closed Session. (Copy attached for the permanent file and marked Attachment AA.)

This item has been reviewed by the Academic Affairs Committee and the Finance and Audit Committee.

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Mr. Rocovich appointed the Nominating Committee to report at the June meeting. The Rector appointed Mr. Carr as Chair, Mr. Petera, and Mr. Severt.

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Mr. Rocovich requested that the final report of the Ad Hoc Committee on the Narrow-Tailoring Concept be provided to the Board at the June meeting.

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AUDIT REPORT CLOSED SESSION ITEM

Heard Audit Report. No Board Action Required.

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LITIGATION REPORT CLOSED SESSION ITEM

Heard Litigation Report. No Board Action Required.

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Dates for the next meeting are June 6-7, 2004.

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On recommendation of Mr. Rocovich, and after motion by Mr. Thompson and second by Mr. Lutz the meeting adjourned at 3:50 p.m.

Attachment A

Report of the Ad Hoc Committee on Narrow Tailoring Update on Review of Race-Conscious Programs March 28, 2004

The ad hoc committee on the narrow-tailoring concept met Sunday, March 28, 2004, to receive an update from Provost McNamee on the status of the review.

The university continues to implement the findings of the comprehensive review of race-conscious programs. On November 10, 2003, the university sponsored a campus-wide information session about the internal review. More than 300 students, faculty, board members, and administrators were present at the event. Mr. Davenport and Provost McNamee and President Steger reiterated the university's commitment to the educational benefits of a diverse campus environment and provided an overview of the internal review. The Provost and the Vice President for Multicultural Affairs (Ben Dixon) responded to the questions and concerns of participants. A transcript of questions and their answers, along with other information about the internal review, was posted to the Provost's website for those unable to attend. In addition to Mr. Davenport, other members of the Board who attended included Mr. Rocovich and Mr. Layman.

The university continues to focus on undergraduate admissions as the activity most crucial to creating and maintaining a diverse campus. Toward that end, targeted recruiting efforts to increase the number of qualified applicants and the percentage of those applicants that accept our offer of admission are underway. For the Fall 2005-2006 application process, the university is planning to include an opportunity for applicants to highlight their potential contribution to the diversity of the student body through an optional written statement. Beginning with the current admissions cycle, a standing committee will perform an annual review of the results of recruiting and admissions efforts to determine whether the university is making progress toward achieving the educational benefits of a diverse campus environment. This committee will also determine the need for the continued, narrowly-tailored consideration of race and ethnicity in admissions.

Private scholarships that have been restricted or expressed a preference based on race or ethnicity at the request of the donor were another major area to review. The university has drafted a proposal for working with donors to replace these types of restrictions and preferences with language that focuses on a student's potential contribution to the educational benefits of a diverse campus. This proposal incorporates the review and advice of the Office of the Attorney General and the development office will begin working with donors to modify agreements as needed.

The university has also made progress in other specific activities. The Multicultural Academic Opportunities Program (MAOP) has updated program materials and selection processes to clarify the open nature of the activity. The Provost has proposed a three-year funding plan to increase campus diversity through admissions, recruiting, diversity related scholarships, and student support activities. A two-part workshop on legal issues surrounding activities that contribute to campus diversity will be held for program managers during the month of April.

Board of Visitors
Special Committee on Research
Minutes

1:30 p.m. –Executive Conference Room, Donaldson Brown Conference Center
March 28, 2004

Present: Mr. Philip Thompson, Chair, Mr. Jacob A. Lutz, Mr. T. Rodman Layman, Mr. John G. Rocovich, Mr. Ben J. Davenport, Mr. Michael Carr

Also Present: Dr. Charles Steger, Mr. Minnis Ridenour, Dr. Mark McNamee, Dr. James Blair, Dr. John Wilson, Dr. Timothy Pickering, Mr. Larry Hincker, Mr. Dwight Shelton, Dr. Terry Herdman, Mr. Mark Owczarski, Ms. Debbie Nester, Mr. Kevin Miller
(Roanoke Times)

Opening Comments: Mr. Thompson convened the meeting at 1:30 p.m. He welcomed other members of the special committee and visitors. He commented that he had reviewed metrics and sees that progress is being made in some areas and not in others. He noted that a new Vice President for Research is being hired and is looking forward to his leadership.

Welcoming Comments from Dr. Steger: President Steger welcomed members of the subcommittee and gave a brief overview of the current budget situation and his analysis of the impact on the university research programs. He noted that, while faculty are working hard and continuing to make progress in the research arena, the impacts of the staff losses are becoming evident in proposal numbers and awards.

Approval of December 3, 2003 Minutes: Mr. Thompson asked for approval of the minutes of December 3. A motion to approve was made by Mr. Rocovich and seconded by Mr. Davenport. The minutes were approved unanimously.

Discussion of Research Metrics: Dr. Blair began his presentation by reminding the committee that the university and the research division have been developing metrics or criteria by which the university can measure its progress toward becoming a leading research university. Dr. Blair then presented a draft “score card” for research and scholarship activities and discussed the structure and objective of the score card. The “score card” is structured around the major objectives of the University Strategic Plan. Specific metrics which can then be applied to each of the three strategic actions identified for research and scholarship have been identified. The score card will contain brief comments on progress made in that metric with evaluation of the progress made by ++, + or nothing to indicate lack of progress.

Dr. Blair then showed how one of the metrics, NSF reported research expenditures, can be used to develop a timeline of targets which can be broken down to major reporting units of the university as a means of assessing progress. The timeline developed to date starts with metrics available for the 2003 academic year and grows baseline expenditures (state and university supported) by approximately 3% per year, externally funded expenditures of established research units by 9%-10% per year, and projected growth of

new initiatives recently undertaken by the university. Growth in these programs was taken from original planning documents developed for the major initiatives. This analysis shows that significant growth in the new initiatives (VBI, ICTAS, and IBPHS) will be required for the university to meet its goal of \$504 M research expenditures by the year 2010.

Finally, Dr. Blair presented goals in each of the metrics of the categories represented on the “score card”. He discussed the basis by which each of the goals has currently been set and the importance of identifying leading and lagging indicators. Dr. Blair indicated that the entire “score card” for all areas of the university will be presented to the Academic Affairs Subcommittee of the Board on March 29. He sought input from the research committee and their approval to continue planning along the lines outlined in this presentation.

A full discussion by the Committee ensued.

Mr. Rocovich noted that he has been in contact with the Chancellor at the University of Texas at Austin and asked him what contributed to their growth in research. They attribute much of their success to the active recruiting of National Academies members to their faculty. Dr. Steger noted that the University Distinguished Professors group is taking on the task of mentoring to help boost the NAS membership.

Mr. Carr asked about the decision process to make investments such as building an aquaculture building on the basis of a short term (3 year) grant. Dr. Blair answered that the risk factor is understood, but the longer term perspective on our research program is that follow-on work is very likely when facilities are available.

Mr. Thompson noted that it is important to focus the research into the areas of federal priorities to further enhance the likelihood of sustaining the funding.

On the metrics, Mr. Rocovich asked why a metric on the library is not included. Dr. McNamee said he would look at that as a potential new metric.

Mr. Davenport observed that the progress on faculty diversity does not seem to have been significantly affected by the loss of faculty. Dr. Steger noted that most of the faculty losses were long-service time faculty while most of the non-white faculty are younger and were not eligible for the early retirements.

Mr. Layman began a lengthy discussion about why the College of Business is not a significant research entity. Mr. Davenport also does not understand why there could not be a significant synergy between business and engineering, for example. Dr. McNamee indicated that, from the Dean’s perspective, there is a resource limitation that requires the college to focus on the teaching mission.

Mr. Thompson indicated that there should be an action item to invite Dean Sorensen to the next meeting to discuss his views of the role of research in Business.

Mr. Rocovich asked about the implications of visa delays in building up the graduate student population. Dr. Blair indicated that there is an issue at all U.S. universities and Virginia Tech has experienced a 25 percent decrease in applications this year.

Mr. Thompson asked about the low level of publications and suggested as another action item that the committee be presented with a breakdown of the publication history across the colleges/departments at the next meeting.

Mr. Thompson noted that he does not believe that the university should accept any target that is not equivalent to top 30. Mr. Lutz agreed and asked that the committee be given the current rankings and plans to increase in each area. Mr. Layman noted that it might not be desirable to set a top 30 target in each area, particularly in SAT scores where our land grant mission may preclude looking like some of the elite private universities.

Adjournment: Mr. Thompson adjourned the meeting at 2:35 p.m.

Minutes of the Academic Affairs Committee
March 29, 2004

Board members present: Ben Davenport, Hemant Kanakia, Sandra Lowe. John Rocovich also attended a portion of the meeting.

Guests: Mark McNamee, David Ford, Patricia Hyer, Dixon Hanna, Ron Daniel, Rene Armstrong, Keohi Council, Karen DePauw, John Dooley, Ben Dixon, John Wilson, Ellen Plummer, Diane Bell, Kevin Miller, Sam Easterling, Gerhardt Schurig, and several observers from a management training program.

OPEN SESSION:

Minutes of the November 3, 2003 meeting of the Academic Affairs Committee were approved with one addition to the guest attendance list.

The Provost led a discussion of a draft scorecard with proposed measures for evaluating progress toward goals identified in the strategic plan. Twelve indicators have been suggested in the goal area of Research and Scholarship, including rankings by US News, the Lombardi Center, and NSF, along with several quality measures. Eleven indicators are under consideration for Graduate Education, including trends in enrollment and degrees awarded, and curricular planning and review. Applications, enrollments, academic space, assessment of the core curriculum, and faculty training are among the indicators identified for Undergraduate Education. Progress in Outreach and International Affairs may be measured in part by the number of faculty, students, or participants involved in programs, net revenues, and contacts made relative to economic development. The committee discussed the proposed measures and recent trends for several of them, especially selected measures for research and international programs. Suggestions were made for adding or refining several indicators.

Dr. DePauw provided greater elaboration on goals in the graduate education area. A number of important pieces will need to be put in place in order to achieve the university's aspirational goal of increasing Ph.D. enrollment by 900 students over the next six years. For example, the competitiveness of assistantship stipends and financial packages must be increased; additional faculty will have to be hired; more students will have to be supported by sponsored research grants; some new Ph.D. programs will have to be developed and others will have to be expanded. Dean DePauw provided preliminary estimates of the costs of such initiatives. Funding would have to come from increased E&G funding, sponsored research grants, and foundation funds raised through the campaign.

Dr. DePauw then presented a resolution to award an official certificate upon completion of an approved program and to record this on the transcript. Students can currently earn a graduate certificate in specific areas by taking at least nine graduate credit hours of approved coursework. Certificates have become increasingly popular as knowledge

requirements grow in a number of fields and employers look to a more highly trained professional workforce. The resolution was moved, seconded, and approved by the committee. The resolution also delegates authority to the Graduate School for approval of new graduate certificate programs.

The issue of dual career appointments is an ever more important one in the hiring and retention of talented faculty and administrators. Dr. McNamee gave the committee an overview of approaches used by other major research universities. Many institutions offer relocation and employment assistance in such cases. The creation of positions or waiving a search to accommodate a dual career hire are also relatively common. The university is developing draft guidelines for use in such cases; these will be brought to the Board in a subsequent meeting.

Veterinary Medicine has always had a more restrictive consulting policy for faculty members than the general university policy in order to protect case referrals to the hospital and clinic for teaching purposes. The college has proposed liberalizing its consulting policy on a two-year trial basis to allow faculty members to consult within Virginia and Maryland, but outside of a specified distance from the Blacksburg and Leesburg facilities. Dr. Schurig presented the resolution to modify the Veterinary Medicine consulting policy and responded to questions. The resolution was moved, seconded, and approved.

EXECUTIVE SESSION:

Dr. Kanakia moved that the committee convene in Executive Session. The motion was seconded and approved. Issues included approval of recommendations for conferral of emeritus status, faculty leaves and change of duty station, appointment to endowed professorships, a waiver of the conflict of interest act, and ratification of the reports on research and development disclosures and faculty personnel changes. The recommendations were approved. The committee then formally closed and certified the Executive Session.

AWARDING OF A GRADUATE CERTIFICATE

WHEREAS, Virginia Tech has recognized the increased importance of credentials, the need to update professional skills, and the nature of disciplinary knowledge development; and

WHEREAS, many individuals or employers are looking for advanced educational programs and certification of new knowledge and competence but not necessarily a formal graduate degree; and

WHEREAS, the Commission on Graduate Studies and Policies (CGS&P) has approved guidelines for the creation of University-sanctioned graduate certificate programs (certificates of achievement); and

WHEREAS, graduate certificates convey that students have developed a mastery of the course material and formally recognize students' achievement;

THEREFORE, BE IT RESOLVED that effective Spring 2004 upon completion of all requirements for approved graduate certificates, the name of the graduate certificate will be posted on the university transcript and a certificate will be awarded in recognition of completion of graduate certificate requirements; and

BE IT FURTHER RESOLVED that the Board of Visitors delegates authority to the Graduate School to review and approve any and all proposals for graduate certificates.

...

RECOMMENDATION:

That the awarding of graduate certificates for completion of approved advanced educational programs be authorized by the Board of Visitors beginning with Spring term 2004, and that the Board delegates authority to the Graduate School for review and approval of graduate certificate programs in accordance with university guidelines.

BACKGROUND ON GRADUATE CERTIFICATES

The demand for graduate certificates in a wide variety of fields is a national phenomenon. Given that advanced education and credentials are increasingly necessary for many professional positions, we can expect that students will be looking for ways to keep up to date in their fields, or to acquire new skills and understanding as their professional roles demand. For many students and employers, a formal graduate degree may not be what is needed or desired. Rather, several related graduate courses may provide the necessary background or experiences they are looking for.

Virginia Tech has had guidelines in place for many years establishing the basic requirements for graduate certificate programs. The minimum requirements are nine graduate credit hours of coursework. Certificate programs are based on existing coursework and they are often shaped to reflect a concentration in a particular area, such as gerontology or computer networking. They can be part of a full graduate degree program, such as the certificates that were approved as part of the Master of Information Technology degree. Or they may provide certification of concentration that complements any number of degree programs, such as the gerontology example.

Proposals for graduate certificates include the following:

1. Rationale and need for graduate certificate. Target population to be served.
2. Identification of admission requirements. Graduate certificate programs must have admission standards that are similar to related graduate degree programs.
3. Identification of course requirements. Graduate certificate programs must use approved graduate coursework (at least two-thirds must be graded). Graduate certificates requirements must include a minimum of 9 Virginia Tech graduate course hours.
4. Identification of members of the faculty associated with the graduate certificate program.

Graduate certificate programs are developed by faculty and reviewed and approved by the department(s), college(s), and the Commission on Graduate Studies and Policies. Graduate certificates are awarded without regard to the time required to meet requirements for a graduate degree.

The proposed Graduate Certificates will carry the following statement:

The Board of Visitors of the Virginia Polytechnic Institute
and State University,
in recognition of the fulfillment of the requirements
for a graduate certificate, has awarded to
(Name of student)
the certificate of achievement in
(Name of graduate certificate)
with all the rights, and privileges and honors pertaining thereto.

In testimony whereof, the undersigned, by authority vested in
them, have hereunto affixed their signatures and the seal
of the university at Blacksburg, Virginia
This xx day of xxx, two thousand and xxxx.

The certificates will carry the facsimile signatures of the President of the University, the Rector of the Board of Visitors, and the Dean of the Graduate School.

The resolution also clarifies the authority of the Graduate School to review and approve all future graduate certificate programs without subsequent approval by the Board. The Board retains authority to approve formal degree programs.

REVISION OF THE VETERINARY MEDICINE CONSULTING POLICY

The university's consulting policy allows for additional restrictions to be imposed on the consulting of faculty members in one or more colleges because of expectations associated with our land-grant mission. The College of Veterinary Medicine had adopted a policy prohibiting faculty from consulting within the states of Virginia and Maryland in order to protect access to case referrals to the hospital and clinic needed for teaching purposes and accreditation. Given its increased maturity and client load, the college is prepared to liberalize its consulting policy on a two-year trial basis to allow faculty to consult within the two states but outside of a specified distance from the Blacksburg and Leesburg facility.

The key change in the policy concerns the practice of veterinary medicine by faculty members. Practice of veterinary medicine would now be prohibited within a 75-mile radius of the Veterinary Teaching Hospital Blacksburg facility and 100-mile radius of the Equine Medical Facility in Leesburg. Faculty are permitted to provide veterinary services to regional sporting events, such as horse or dog shows, within the exclusionary geographical limits. Also, they may consult/evaluate veterinary-related material, such as imaging materials or histological material, within the Blacksburg or Leesburg area so long as that material itself is generated outside the geographic limits.

RECOMMENDATION:

That the proposed revision to the consulting policy for faculty members in the College of Veterinary Medicine be approved for a two-year period as requested, and that university officials have the authority to make permanent the policy change if experience demonstrates that the consulting practices of the faculty are not creating inappropriate competition for the teaching hospital and/or Equine Medical Center.

Policy and Procedures: VMRCVM, All College programs

**Subject: College of Veterinary Medicine Pilot Addendum To University
Consulting Policy**

1.0 Purpose

Introduction:

The Virginia-Maryland Regional College of Veterinary Medicine (VMRCVM) provides for animal and human health and welfare by serving society through educating students (undergraduate, DVM, graduate) and veterinarians, providing veterinary services, and creating and disseminating new medical knowledge through research, publication, and outreach programs. The College's missions are broadly characterized as instruction, research, and service. Public service commitments include sustaining:

1. The highest quality primary and referral patient care and ancillary support services across a broad range of species through the Veterinary Teaching Hospital (VTH) in Blacksburg.
2. The best possible referral services through the Equine Medical Center in Leesburg, VA.
3. Timely and topical continuing education programs for practicing veterinarians of Virginia and Maryland.
4. Excellent outreach activities for animal owners and producers in Virginia and Maryland and developing outreach programs in non-traditional areas (e.g. urban pet-owning public, use of animals in research and teaching, companion animal assisted human therapy, etc.).

From time to time, other requests from the public will come to the attention of the College. Some of these requests, when not in conflict with College policy or collegiate programs, may be appropriately served by consultation.

A consulting policy is needed in order to:

1. ensure equitable consideration of faculty wanting to perform consulting activities,
2. safeguard missions of the College in all areas of research, instruction and service, and
3. assure the public that its requests are addressed and needs met insofar as possible in the most appropriate way.

Conflict of Commitment

Upon accepting an academic appointment, Virginia Tech faculty members owe their primary professional responsibility to the university, and their primary commitment of time and intellectual energies should be directed toward the education, research, service, and outreach missions of the university. Faculty members have traditionally been allowed wide latitude in defining their professional agendas and their degree of involvement in outside activities when those activities advance the mission or prestige of the university. However, excessive participation in activities external to the university can compromise the performance of the primary responsibilities of the faculty member. This policy is intended to guide involvement in outside activities.

Faculty members should make the fulfillment of their responsibilities to the university the focal point of their academic activities. They are expected to arrange their external activities so that they do not impede or compromise their university duties and responsibilities. Responsibility for ensuring commitment to the university and for reporting activities that might be perceived as compromising that commitment rests with each faculty member in consultation with his/her department head and dean. The primary judgment of whether a faculty member is meeting his/her professional responsibilities to the department and the university should also rest within the faculty member's department. The counsel of the department head/chair and colleagues, center director, or dean, should provide valuable perspectives on faculty commitment.

2.0 Policy

The College of Veterinary Medicine recognizes the University policies on "Consulting Activities and Outside Employment" and "Faculty Conflicts of Interest and Commitment", as stated in the Faculty Handbook, as the official guidelines for all faculty. However, since the nature and responsibilities of a veterinary college differ from those of other colleges at Virginia Tech because of our Veterinary Teaching Hospital (VTH) and the Equine Medical Center (EMC), an addendum is necessary to clarify the University policy as it applies to the Virginia-Maryland Regional College of Veterinary Medicine. This Addendum is instituted for a 2-year trial period as a pilot program. Should there be an adverse effect on hospital caseload, the allowable radius may be increased or the policy changed altogether.

Consulting is defined as: "providing professional information and advice to someone who then assumes responsibility for implementing that information or advice."

Practice is defined as: "providing direct patient care services and other professional veterinary services, whether or not those services are currently available through College programs."

Continuing education is defined as: "providing information and training in the form of lectures or laboratories on the treatment and care of and interaction with veterinary

patients/animals or the operation of a veterinary hospital". When delivered to veterinarians or veterinary technicians, continuing education must fulfill the state requirements for continuing education credits for that profession, and be issued by the Continuing Education Center of Virginia Tech.

All requests for authorization to consult will be submitted to the Department Head who will review the request with regard to its impact on the caseload of the appropriate teaching hospital.

Faculty wishing to engage in consulting activity are reminded that they are responsible for obtaining personal licensing, malpractice insurance, etc. University coverage does not extend to consulting activities.

Policy on Consulting:

Consultation with organizations that either do not utilize live animals or only utilize non-client owned animals is encouraged, regardless of location, in accordance with University guidelines on consulting activity.

Consultation with organizations that utilize client owned animals must follow guidelines for the Policy on Practice.

Policy on Practice:

To avoid competition with the VTH, the practice of veterinary medicine in any form regardless of the faculty member's geographic location is prohibited within a 75-mile radius of the VTH Blacksburg facility. To avoid competition with the Equine Medical Center, the practice of veterinary medicine on equine patients is prohibited within a 100-mile radius of the Leesburg facility. However, the following exceptions apply:

1. Faculty may provide veterinary services to regional sporting events such as horse shows or dog shows within the 75- and 100-mile exclusionary radii of either facility.
2. Faculty may consult/ evaluate veterinary related material within the Blacksburg or Leesburg area as long as the material is generated outside the 75- or 100-mile exclusionary radii. Examples of such activities include internet consulting, and interpretation of electrophysiological recordings, imaging materials, or histological material.

Policy on Continuing Education:

Lectures to lay or special interest (non-professional) groups such as kennel clubs and SPCA groups are encouraged regardless of location. Similarly, faculty are encouraged to attend meetings and provide invited lectures to veterinary, professional, and governmental associations that have recognized continuing education programs within Virginia and Maryland. Faculty are **not** allowed to establish or participate in continuing

education programs within Virginia or Maryland that are not sponsored by an established veterinary association or the University. Demonstrations and lectures to one or more veterinarians within an individual practice that do not fulfill the state requirements for continuing education credit are considered practice and are governed by the Policy on Practice. In order to prevent competition with the University's Continuing Education Center and continuing education courses provided through the university, all continuing education courses that involve laboratory experiences are prohibited within the 75- and 100-mile exclusionary radii, and are constrained by the limitations described above. Exceptions in rare instances may be considered by the department head.

3.0 Procedures

University Consulting Guidelines must be followed for all consulting activities including continuing education and practice. These guidelines are found in 2.16 of the Faculty Handbook. Specific restrictions include:

1. Such advice is not part of their normal responsibility to the university and is not normally provided through Virginia Cooperative Extension, public service programs (such as the VTH or EMC), or other component of the University.
2. The work undertaken contributes to their professional development.
3. The work must be accomplished without interference of assigned responsibilities in teaching, service, and research.
4. The use of University resources, facilities and equipment for financial gain such as computers, internet access, microscopes etc. is specifically prohibited without the Office of the Controller establishing a charge rate for the use of such equipment as described in section 2.16.5 of the Faculty Handbook.
5. Written approval must be obtained from the faculty member's department head or chair utilizing the Conflicts of Interest/Commitment Form 13010A.
6. The work does not ordinarily involve more than one day per week and does not exceed five days in any five-week period.
7. The consulting activity does not represent regular outside employment.

4.0 Consequences for Violation of the Policy:

Faculty members are expected to know, understand, and follow college restrictions on consulting and practice. Willful failure to abide by the requirements stated in this policy will be addressed by a range of sanctions up to and including those specified in Section 2.11 of the Faculty Handbook, which outlines the process for imposing a severe sanction or dismissal for cause.

4.0 Approvals

 This policy is approved by the College Council and enacted by the Interim Dean, Dr.Gerhardt Schurig.

Approved by Gerhardt Schurig, Interim Dean, February 20, 2004

Approved by Mark McNamee, University Provost and Vice President Academic Affairs, February 20, 2004

Approved by Charles Steger, President, February 23, 2004

Approved by the Board of Visitors, March 29, 2004 (approval pending)

**MINUTES OF THE BUILDINGS AND GROUNDS COMMITTEE
OF THE BOARD OF VISITORS
VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY**

March 29, 2004

Donaldson Brown Hotel and Conference Center

PRESENT

Board of Visitors Members:

Mr. Mitchell O. Carr
Mr. John R. Lawson, II
Mr. A. Ronald Petera
Mr. James W. Severt, Sr.

VPI & SU Staff:

Mr. William M. Elvey
Mr. Z. Scott Hurst
Mr. Kurt J. Krause
Ms. Terri T. Mitchell
Ms. Elizabeth D. Reed
Dr. Raymond D. Smoot, Jr.

Guests:

Mr. Lee Comer – Johnson Controls
Mr. Steve Gift – Hanbury, Evans, Wright, Vlattas
Dr. Elizabeth Flanagan – Development and University Relations
Ms. Anne Sheppard – University Computing
Mr. Keith Storms – Hanbury, Evans, Wright, Vlattas
Ms. Susan Trulove – University Relations

OPEN SESSION

Opening Comments: Mr. Carr called the meeting to order at 8:00 a.m. Mr. Lawson moved the Committee enter into Closed Meeting to discuss the acquisition, use, or disposition of real estate; pursuant to §2.2-3711.3, Code of Virginia, as amended. The motion passed unanimously.

CLOSED MEETING

The Committee met in a Closed Meeting to discuss the acquisition, use, or disposition of real property. Mr. Petera moved the Committee be reconvened in Open Session at 9:00 a.m. The motion passed unanimously. The Committee members individually certified that, pursuant to §2.2-3712, the Closed Meeting was conducted in conformity with the Code of Virginia.

OPEN SESSION

1. **Report of Closed Meeting:** Mr. Carr reported that the Committee met in Closed Meeting to discuss acquisition, use, or disposition of real property. No actions were taken.
2. **Approval of Minutes:** The minutes of the November 3, 2003 meeting were unanimously approved.
3. **Campus Master Plan Review:** The Committee received an update on the status of the Campus Master Plan. Key drivers in developing the master plan include access, infrastructure, and the university's research goals. Discussion topics included the thought processes behind establishing logical growth patterns, appropriate infrastructure deployment, and coherent land use objectives. To fund additional research space necessary to achieve top 30 status, faculty will be required to justify utilization of research space by generating adequate levels of research funding. The Committee expressed its pleasure with the progress on the master plan to date.
4. **Follow-up Discussion on Green Roofs:** The Committee reviewed and discussed the merits of green roofs as an alternative roofing material solution. The history of this roofing option was discussed, as were several variations of this technology and how they are utilized in the United States and Europe. The Committee expressed its support for consideration of this roofing material on future projects where feasible.
5. **Capital Outlay Project Status Report:** The Committee reviewed the status of all capital projects in design, or under construction. These included 4 projects in the design phase, and 9 under construction. The Committee also reviewed the report of bids received. The Stadium (West Stands) – Foundation and Site project has a construction budget of \$1,100,000 and the low bid received was \$1,475,000. The Stadium – West Stands has a construction budget \$40,250,000 and the low bid received was \$40,300,060. The Dietrick Servery/HVAC project has a construction budget of \$3,623,498, and the low bid received was \$5,175,000.
6. **Resolution for Blacksburg-Virginia Polytechnic Institute Sanitation Authority Easement and Temporary Construction Easement:** The Committee reviewed a resolution to grant an easement and a temporary

construction easement across university property from the northeast side of the Drillfield. The Buildings and Grounds Committee recommended the resolution for full board approval.

- 7. Resolution for Town of Blacksburg Easement and Temporary Construction Easement:** The Committee reviewed a resolution to grant an easement and a temporary construction easement across university property at the Turkey Research Center. The Buildings and Grounds Committee recommended the resolution for full board approval.

The meeting of the Buildings and Grounds Committee adjourned at 10:45 a.m.

Respectfully submitted,

Kurt J. Krause
Vice President for Business Affairs

**RESOLUTION FOR BLACKSBURG-VIRGINIA POLYTECHNIC INSTITUTE
SANITATION AUTHORITY EASEMENT AND
TEMPORARY CONSTRUCTION EASEMENT**

Blacksburg-Virginia Polytechnic Institute Sanitation Authority has requested that the university grant a One Thousand Seven Hundred Twenty-Seven and Forty-Nine Hundredths foot (1,727.49') easement, fifteen feet (15') on each side of the line and an additional twenty foot (20') temporary construction easement across university property from the eastern side of the Drillfield to the vicinity of Eggleston Hall, and the University Bookstore and then to Donaldson Brown Hotel and Conference Center.

The right-of-way is needed for the purpose of constructing, installing, repairing, removing, altering and maintaining public sewer facilities.

Blacksburg-Virginia Polytechnic Institute Sanitation Authority will vacate an existing easement that will no longer be needed once the new line is installed. The existing easement is described as follows: Beginning at manhole B13 at coordinates N3612117.11, E10923674.49, thence in a southeasterly direction and underneath Eggleston Hall to an existing manhole at coordinates N3611937.85, E10923886.95, thence in a northeasterly direction to an existing manhole at coordinates N3612026.89, E10924234.26, thence in a northeasterly direction to an existing manhole at coordinates N3612235.66, E10924536.01, thence in a northeasterly direction to an existing manhole at coordinates N3612335.49, E10924583.69, thence in a northeasterly direction underneath Donaldson Brown Hotel and Conference Center to manhole B7 at coordinates N3612459.58, E10924751.10, the above coordinates being on the center line of an existing fifteen inch (15") sanitary sewer line that will be abandoned by the Virginia Polytechnic Institute Sanitation Authority to be maintained by Virginia Polytechnic Institute and State University or abandoned.

**RESOLUTION FOR BLACKSBURG-VIRGINIA POLYTECHNIC INSTITUTE
SANITATION AUTHORITY EASEMENT AND
TEMPORARY CONSTRUCTION EASEMENT**

WHEREAS, Blacksburg-Virginia Polytechnic Institute Sanitation Authority has requested that the university grant a One Thousand Seven Hundred Twenty-Seven and Forty-Nine Hundredths foot (1,727.49') easement, fifteen feet (15') on each side of the line and an additional twenty foot (20') temporary construction easement for the purposes of constructing, installing, repairing, removing, altering and maintaining public sewer facilities over and upon real property of Virginia Polytechnic Institute and State University; and

WHEREAS, said easement would constitute an easement extending approximately 1,727 feet comprising approximately 1.19 acres on real property located from the eastern side of campus from the Drillfield to the east side of Donaldson Brown Hotel and Conference Center; and

WHEREAS, said easement is more particularly described on drawings prepared by Olver Incorporated dated February 17, 2004, Job No. 10729.11, Sheet No. C101; and

WHEREAS, said easement is described as follows: Beginning at manhole B13 at coordinates N3612117.11, E10923674.49, thence in a northeasterly direction to manhole number 1 located at coordinates N3612269.54, E10923846.93, thence in a northeasterly direction to manhole number 2 located at coordinates N3612282.25, E10923846.93, thence in a southeasterly direction to manhole number 3 located at coordinates N3612251.31, E10924116.57 thence in a southeasterly direction to manhole number 4 located at coordinates N3612251.31, E10924301.24, thence in a northeasterly direction to manhole number 5 located at coordinates N3612081.21, E10924343.42, thence in a southeasterly direction to manhole number 6 located at N3612061.53, E10924556.77, thence in a northeasterly direction to manhole 7 located at coordinates N3612076.05, E10924706.49, thence in a northeasterly direction to manhole 8 located at coordinates N3612189.33, E10924848.12, thence in a northeasterly direction to manhole 9 located at N3612277.76, E10924877.94, where the easement splits and follows the centerline of a 15-inch sanitary sewer line in a southeasterly direction to a manhole located at N3612252.60, E10924931.06, where that branch of the easement ends. Starting again at manhole 9 and thence in a northwesterly direction to manhole 10 located at N3612367.98, E10924792.51 thence in a northwesterly direction to manhole B7 located at N3612459.58, E10924751.10, the above coordinates being on the centerline of a 24-inch sanitary sewer line unless stated otherwise; and

WHEREAS, Virginia Polytechnic Institute and State University desires to grant said easement to Blacksburg-Virginia Polytechnic Institute Sanitation Authority;

NOW, THEREFORE BE IT RESOLVED, that the Vice President for Business Affairs be authorized to execute an easement to Blacksburg-Virginia Polytechnic Institute Sanitation Authority in accordance with applicable procedures for said easement pursuant to the Code of Virginia, Section 23-4.1.

RECOMMENDATION:

That the above resolution authorizing the Vice President for Business Affairs to execute the easement to Blacksburg-Virginia Polytechnic Institute Sanitation Authority be approved.

**RESOLUTION FOR TOWN OF BLACKSBURG EASEMENT AND
TEMPORARY CONSTRUCTION EASEMENT**

WHEREAS, the Town of Blacksburg has requested that the university grant an approximate Seven Hundred and Eight foot (708') easement, ten feet (10') on each side of the line and a temporary construction easement, twenty feet (20') on each side of the line, for the purposes of constructing, installing, repairing, removing, altering and maintaining public sewer facilities over and upon real property of Virginia Polytechnic Institute and State University; and

WHEREAS, said easement would constitute an easement extending approximately 708 feet comprising approximately 0.325 acres on real property located on the south side of Glade Road at the Turkey Research Center; and

WHEREAS, said easement is more particularly described on drawings prepared by Anderson & Associates, Inc. dated March 10, 2004, Drawing No. 17027026; and

WHEREAS, said easement line is described as follows: Beginning at a point N33°37'13"W, 437.69' of southern corner point, called out as fence post on Virginia Polytechnic Institute and State University property in Deed Book 210, Page 25, continue N74°28'18"E, 166.93' to a turning point, then N78°49'21"E, 145.00' to a turning point, then N85°32'31"E, 382.00' to another turning point, continue S80°33'05"E, 13.80' to termination at eastern property line of said property, S44°24'29"W, 1,567.37' from corner on Glade Road; and

WHEREAS, Virginia Polytechnic Institute and State University desires to grant said easement to the Town of Blacksburg;

NOW, THEREFORE BE IT RESOLVED, that the Vice President for Business Affairs be authorized to execute an easement to the Town of Blacksburg in accordance with applicable procedures for said easement pursuant to the Code of Virginia, Section 23-4.1.

RECOMMENDATION:

That the above resolution authorizing the Vice President for Business Affairs to execute the easement to the Town of Blacksburg be approved.

RESOLUTION FOR TOWN OF BLACKSBURG EASEMENT AND TEMPORARY CONSTRUCTION EASEMENT

The Town of Blacksburg has requested that the university grant an approximate Seven Hundred and Eight foot (708') easement, ten feet (10') on each side of the line, and a temporary construction easement, twenty feet (20') on each side of the line, across university property at the Turkey Research Center on the south side of Glade Road.

The right-of-way is needed for the purpose of constructing, installing, repairing, removing, altering and maintaining public sewer facilities.

**REVISED
MINUTES OF THE FINANCE AND AUDIT COMMITTEE
OF THE BOARD OF VISITORS
VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY**

March 29, 2004

AUDIT CLOSED SESSION

PRESENT:

BOARD OF VISITORS: Mr. Jake Lutz, Mr. Tom Robertson, Mr. John Rocovich, Mr. Philip Thompson

VPI&SU STAFF: Ms. Kay Heidbreder, Mr. Stuart Mease, Mr. Minnis Ridenour, Mr. John Rudd, Mr. Dwight Shelton

AUDIT CLOSED SESSION: The Committee met in Closed Session with the Director of Internal Audit and Management Services to discuss audits of specific departments and units where individual employees were identified. The Committee also received an update on the outstanding fraud, waste, and abuse cases.

AUDIT AGENDA

PRESENT:

BOARD OF VISITORS: Mr. Jake Lutz, Mr. Tom Robertson, Mr. Philip Thompson, Dr. Diane Zahm – President, Faculty Senate

VPI&SU STAFF: Mr. Scott Bradley, Mr. Bob Broyden, Mr. Ralph Byers, Mr. Al Cooper, Mr. John Cusimano, Ms. Vijji DeDatta, Ms. Cathy Greenberg, Mr. Larry Hincker, Mr. Tim Hodge, Mr. Stuart Mease, Mr. Ken Miller, Mr. Mark Owczarski, Mr. Raye Penney, Mr. Minnis Ridenour, Mr. John Rudd, Ms. Kathy Sanders, Mr. Dwight Shelton, Dr. Raymond Smoot, Ms. Linda Woodard

1. APPROVAL OF ITEMS DISCUSSED IN CLOSED SESSION:

The Committee reviewed and took the following actions on items discussed in closed session: ratified the Personnel Changes Report, the bonuses for the 2003 Insight Bowl, and the Research and Development Disclosure Report, approved the Virginia Bioinformatics Institute Policy Advisory Board appointments, ratified special salary actions, and approved a resolution on exception to the Virginia Conflict of Interest Act.

2. APPROVAL OF MINUTES OF THE NOVEMBER 3, 2003 MEETING:

The Committee reviewed and approved the minutes of the November 3, 2003 meeting.

3. REVIEW AND ACCEPTANCE OF UNIVERSITY'S UPDATE OF RESPONSES TO ALL PREVIOUSLY ISSUED INTERNAL AUDIT REPORTS:

The Committee reviewed the University's update of responses to all previously issued internal audit reports. At the November meeting, the university reported that as of September 30, 2003, 24 audit comments remained outstanding. An additional 27 comments have been issued since then for a total of 51 comments. As of December 31, 2003, the University has addressed 32 comments, leaving 19 comments still in progress.

4. PRESENTATION OF APA'S 2003 INTERCOLLEGIATE ATHLETIC AUDIT REPORT:

The Committee reviewed the 2003 Intercollegiate Athletic Audit Report which was completed by the Auditor of Public Accounts (APA). A report was mailed to each board member by the APA.

At the request of the University President, the APA performed certain agreed-upon procedures to the University's Intercollegiate Athletics Programs for the fiscal year ended June 30, 2003, solely to assist the University in complying with National Collegiate Athletic Association (NCAA) bylaws. The University is responsible for the Intercollegiate Athletics Programs including preparation of the Schedule of Revenues and Expenditures of Intercollegiate Athletics Programs. During the APA review, no matters were brought to the APA's attention that would lead them to believe the amounts of the Schedule of Revenues and Expenditures should be adjusted. This review does not constitute an audit and therefore no opinion is issued.

The Committee accepted the report.

5. UPDATE ON DEVELOPMENT OF AN AUDIT CHARTER:

At the November meeting, the Committee reviewed and commented on a draft of the proposed revisions to the University's Policy 3350, which serves as a charter for the Internal Audit Department. The policy has been updated to reflect that review, and the Committee reviewed the recommended updated policy.

The Committee accepted the report.

6. RECOMMENDATION ON REPORTING STRUCTURE OF MANAGEMENT SERVICES:

The Committee reviewed a recommendation on the reporting structure of Management Services. In response to the Committee's question raised at the August meeting regarding the appropriateness of Management Services reporting to the Director of Internal Audit, Internal Audit explored the issues, and a status report was provided to the Committee at the November meeting. The Committee reviewed a recommendation that oversight of the Management Services function be transferred to the Office of Capital Assets and Financial Management within the organizational structure of the Vice President for Budget and Financial Management.

The Committee accepted the report.

7. REVIEW OF INTERNAL AUDIT DEPARTMENT'S STATUS REPORT AS OF DECEMBER 31, 2003:

The Committee reviewed the Internal Audit Department's Status Report as of December 31, 2003. In addition to conducting scheduled audits, the audit department participated in annual audit activities; fraud, waste, and abuse audits; special projects; and professional development activities.

Management Services staff continued to provide services to university clients, including the department of Chemistry, and the Management Tools Discussion Group. A new engagement was started with Chemistry to assist with the development and implementation of an inventory management tool. A Microsoft Access database tool has been developed to record inventory balances, receipts, issues, and calculate average cost of inventory.

Management Services staff continued work on Phase II of an automated tool to assist users in the fiscal operations management of their departments. This tool assists with reconciliations, small purchase commitments and payments, and reporting by departmental activity codes. Work continued on developing salary projections management functionality for this tool.

The Virginia Tech Foundation, Inc. and Internal Audit are working jointly to develop recommendations regarding the management of potential conflicts of interest and commitment surrounding research grants and contracts. This area is a point of emphasis given the growth of the research program. The objective is to ensure proper controls are established at the time the grant or contract is received.

The Committee accepted the report.

8. REVIEW AND ACCEPTANCE OF THE FOLLOWING INTERNAL AUDIT REPORTS/MEMOS ISSUED SINCE THE LAST MEETING:

The Committee reviewed the following Internal Audit reports:

A. Undergraduate Admissions

The Committee received a report on the audit of the Office of Undergraduate Admissions. The audit indicated that the overall risk exposure is medium and the internal control system is effective. The audit recommendations include: review and update the risk analysis and disaster recovery plan, and complete computer upgrades to ensure server and desktop computer security. Management is working to implement improvements to address the recommendations.

The Committee accepted the report.

B. Office of Budget and Financial Planning

The Committee received a report on the audit of the Office of Budget and Financial Planning. The audit indicated that the overall risk exposure is medium and the internal control system is effective. An audit recommendation was made to assess the nature and extent of course-specific charges and provide needed guidance to ensure that appropriate and consistent charges are assessed to students. Management is working to implement improvements to address the recommendation.

The Committee accepted the report.

C. Virginia Tech Electric Service and Campus Utilities

The Committee received a report on the audit of Virginia Tech Electric Service and Campus Utilities. The audit indicated the overall risk exposure is moderate and the internal control system is adequate but improvements are recommended. The audit recommendations include: improve departmental file server configuration and security; ensure compliance with university policies and procedures regarding the Fair Labor Standards Act and leave reporting; improve security and safety training at the Power Plant; and enhance review of billing exception reports to ensure all reports are reviewed and exception items are addressed. Management is working to implement improvements to address the recommendations.

The Committee accepted the report.

9. REVIEW ON COMPLIANCE WITH AUDIT RESOLUTION OF UNIVERSITY-RELATED CORPORATIONS:

The Committee received a compliance report for the audits of the university-related corporations. These corporations include Virginia Tech Foundation, Inc., Virginia Tech Services, Inc., Virginia Tech Alumni Association, Inc., Virginia Tech Intellectual Properties, Inc, and WPI, Inc. Each university-related corporation is required to provide audited annual financial statements, management letters from external auditors, and management's responses to the university's Chief Operating Officer. Each corporation is also required to submit an annual certification stating that all procedures outlined in the resolution have been met. All corporations are in full compliance with the Board of Visitors requirements regarding audits.

The Committee accepted the report.

There being no further business, the meeting adjourned at 11:30 a.m.

Respectfully submitted,

John C. Rudd
Director, Internal Audit & Management Services

**MINUTES OF THE FINANCE AND AUDIT COMMITTEE
OF THE BOARD OF VISITORS
VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY**

March 29, 2004

FINANCE CLOSED SESSION

PRESENT:

BOARD OF VISITORS: Mr. Jake Lutz, Mr. Tom Robertson, Mr. John Rocovich, Mr. Philip Thompson

VPI&SU STAFF: Ms. Kay Heidbreder, Mr. Stuart Mease, Mr. Minnis Ridenour, Mr. John Rudd, Mr. Dwight Shelton

FINANCE CLOSED SESSION: The Committee met in Closed Session to review and take action on the quarterly personnel changes report, the bonuses for the 2003 Insight Bowl, the Research and Development Disclosure Report, Virginia Bioinformatics Institute Policy Advisory Board appointments, special salary actions, and a resolution on exception to the Virginia Conflict of Interest Act. The Committee also received a quarterly report on collections matters assigned to the Office of the Attorney General.

FINANCE OPEN SESSION

PRESENT:

BOARD OF VISITORS: Mr. Jake Lutz, Mr. Tom Robertson, Mr. John Rocovich, Mr. Philip Thompson, Dr. Diane Zahm – President, Faculty Senate

VPI&SU STAFF: Mr. Scott Bradley, Mr. Bob Broyden, Mr. Ralph Byers, Mr. Al Cooper, Mr. John Cusimano, Ms. Vijii DeDatta, Ms. Cathy Greenberg, Mr. Larry Hincker, Mr. Tim Hodge, Mr. Stuart Mease, Mr. Ken Miller, Ms. Terri Mitchell, Mr. Mark Owczarski, Ms. Elizabeth Reed, Mr. Minnis Ridenour, Mr. John Rudd, Ms. Kathy Sanders, Mr. Dwight Shelton, Dr. Raymond Smoot, Dr. Charles Steger, Ms. Linda Woodard

GUESTS: Mr. Kevin Miller, The Roanoke Times; Mr. Garrick Solovey, Chief Executive Officer, WPI

1. APPROVAL OF MINUTES OF THE NOVEMBER 3, 2003 MEETING:

The Committee reviewed and approved the minutes of the November 3, 2003 meeting.

2. PRESENTATION OF UNIVERSITY'S ANNUAL FINANCIAL REPORT:

The Committee received an overview of the University's Annual Financial Report for the fiscal year ending June 30, 2003. The financial statements have been prepared in accordance with generally accepted accounting principles, and the Auditor of Public Accounts issued an unqualified (or clean) opinion. These statements are contained in the President's Report for 2002-03, which has been sent to all members of the Board of Visitors.

Beginning in fiscal year 2002, the university adopted the new Governmental Accounting Standards Board (GASB) reporting model, and for the second year the financial statements differ significantly in form, content and accounting principles utilized, from those prior to 2002. The new financial statements are designed to promote the readers' understanding by simplifying and consolidating financial information into a single column format similar to corporate financial statements.

The University had total revenues of \$751.7 million and total operating expenses of \$694.6 million for fiscal year 2003. Total operating revenues increased by \$48.6 million or 12.4 percent and total operating expenses decreased by \$1.9 million or 0.3 percent in fiscal year 2003, due to offsetting variances. All operating revenue categories grew in the current fiscal year with the largest growth (\$22.3 million) occurring in the Grants and Contracts category. The Student Tuition and Fees category also grew by \$21.7 million from the prior year. This growth was offset by a net decrease in total non-operating revenues of \$33.3 million which was primarily due to reductions in State Appropriations. Growth in Capital Appropriations and Capital Gifts resulted in total capital revenues growing by \$32.5 million. The largest growth in expenses occurred in Research activities, which increased by \$13.9 million. Total net assets for the University increased by \$57.2 million to \$505.7 million, as of June 30, 2003.

As of June 30, 2003 the total net assets for the affiliated corporations were \$450.3 million. The Virginia Tech Foundation, Inc., the largest of the affiliated corporations, had total net assets of \$439.7 million as of June 30, 2003, which was a decrease of \$2.8 million over 2002.

The Committee accepted the University's Annual Financial Report.

3. RECOMMENDATION REGARDING EMPLOYEE REVIEW OF UNIVERSITY POLICIES AND BUSINESS STANDARDS:

The Committee reviewed a recommendation regarding employee review of university policies and business standards. At the November meeting the Committee reviewed management's recommendation to use an annual letter to all employees to ensure they are familiar with their responsibility to follow policies and procedures and to emphasize ethical behavior and accountability. In response to the Committee's request that management consider strengthening the proposed process, the Business Practices Team developed a process which utilizes existing activities to obtain acknowledgement from all new employees and all existing faculty and staff concerning the University's policies and business standards. The new process was reviewed and accepted by the Committee.

4. REPORT ON STRENGTHENING FINANCE AND FISCAL OFFICERS OPERATING RELATIONSHIP:

The Committee received a report regarding actions taken to establish a stronger working relationship between the Vice President for Budget and Financial Management and his staff and the fiscal officers for the colleges' and vice presidents' areas. In response to discussions at the November meeting of the Committee, management has identified several strategies to enhance the working relationships, with the goal of achieving increased support for the establishment and improvement of good business practices and internal controls throughout the University.

5. REPORT ON THE 2004 LEGISLATIVE SESSION:

The Committee received a report on the results of the 2004 legislative session, including the Governor's Executive Budget as submitted on December 17, 2003. This presentation focused on the major elements of the Executive Budget and General Assembly actions for the upcoming 2004-06 biennium.

ITEMS PRESENTED TO THE FULL BOARD FOR APPROVAL

6. DISCUSSION AND APPROVAL OF THE AUTHORIZATION FOR 2004-2005 TUITION AND FEES:

The Committee reviewed and approved a resolution for tuition and fee rates for 2004-05. The resolution requests authorization be granted to the President and the Executive Vice President to develop and implement the tuition and fee rates within the maximum authorization being proposed for each category of students. The University will finalize its 2004-05 tuition and fees within the parameters eventually provided by the General Assembly.

The Committee recommended the proposed 2004-05 tuition and fee authorization to the full Board for approval.

7. APPROVAL OF 2004-2005 COMPENSATION FOR GRADUATE ASSISTANTSHIPS:

The Committee reviewed and approved the proposed 2004-05 schedule of stipends for graduate assistantships. To be competitive in the recruitment and retention of high quality graduate students, it is important for the University to provide compensation packages that are comparable with those offered by our peer institutions. The key components of the compensation packages are competitive stipends, tuition assistance, and health insurance.

To achieve this goal, the University has modified its stipend program periodically over the years. For 2004-05, the University proposes to enhance the graduate stipend scale which was revised for Fall 2003 by adding to it ten additional steps in order to increase the University's competitive position in attracting outstanding PhD students. The graduate stipend scale will be effective as of August 10, 2004; the scale will be adjusted in accordance with any authorized stipend increases provided by action of the General Assembly.

To enhance the University's competitiveness in recruiting highly qualified graduate students, in 2001 the Board of Visitors approved a health insurance program as part of the graduate student compensation package for graduate students on assistantships. For 2004-05, the University proposes to continue this program and to expand the students' benefits through an additional allocation of University support. The actual increase in funding will be determined based upon financial resources available to the University after passage of the 2004-06 budget and the compensation actions included in the Appropriation Act.

The Committee recommended the proposed 2004-05 compensation for Graduate Assistantships to the full Board for approval.

8. APPROVAL OF YEAR-TO-DATE FINANCIAL PERFORMANCE REPORT (JULY 1, 2003 – DECEMBER 31, 2003):

The Committee reviewed the Year-to-Date Financial Performance Report for July 1, 2003 - December 31, 2003. For the second quarter, all programs of the University were on target and routine budget adjustments were made to reflect changes in projected revenues and expenditures.

Tuition and fee revenue through the second quarter was higher than historical projections due to earlier than projected tuition collections.

Total sponsored and overhead revenue and expenses were less than projected but sponsored and research expenditures are ahead of 2002-03 activity levels. Revenues are greater than projected in the Residential and Dining programs due

to better-than-projected occupancy in the residence halls, income from dining dollar deposits, and meal plan sales to off-campus students. Revenues were greater than projected in the Athletic Department due to higher-than-anticipated basketball ticket sales, the timing of basketball ticket sales occurring earlier than in previous years due to an increase in season ticket purchases, and higher-than-anticipated internet processing fees collected from an increase in the volume of online ticket orders.

For the quarter ending December 31, 2003, \$25 million had been expended for Educational and General capital projects and \$11.7 million had been expended for Auxiliary Enterprises capital projects.

The Committee recommended the year-to-date financial performance report to the full Board for approval.

9. RESOLUTION AUTHORIZING THE SIGNATURE OF CONTRACTUAL DOCUMENTS:

The Committee reviewed and approved a resolution authorizing the Executive Vice President's position as the Chief Contracting Officer with the University.

The Committee recommended the resolution authorizing the signature of contractual documents to the full Board for approval.

10. APPROVAL OF LANE STADIUM FINANCING AND 1996 REFUNDING RESOLUTIONS:

The Committee reviewed Lane Stadium financing bonds and three potential series for the refunding of the university's 1996 bond sale.

Mr. Lutz recused himself from the discussion and recommendation regarding the Lane Stadium financing bonds due to possible conflict of interest and left the room.

The refunding of the 1996 bonds is contingent upon a continued low interest rate. The Committee reviewed and approved the following resolutions authorizing and securing the Athletic Facilities System Revenue Bonds: (1) Athletic Facilities System Resolution, and (2) Athletic Facilities System Series Resolution. The Committee also reviewed and approved the following resolutions authorizing and securing the Series 1996 Refunding Bonds: (1) General Revenue Pledge Refunding Bonds Resolution, (2) Dormitory and Dining Hall System Series Resolution, and (3) University Services System Series Resolution. Total savings for the refinancing of the athletics bond is \$286,608, and dorm and dining and university services is \$2,749,646, for a total of \$3,036,254.

The Committee recommended the Lane Stadium financing and 1996 refunding resolutions to the full Board for approval.

11. RESOLUTION ON ENDORSING THE CONVERSION OF WPI TO A FOR-PROFIT COMPANY:

The Committee reviewed and approved a resolution endorsing the conversion of WPI, Inc. from a non-profit to a for-profit corporation by amending the WPI Articles of Incorporation. The stock in WPI will be held on behalf of Virginia Tech by the Virginia Tech Foundation, Inc.

The Committee recommended the resolution on endorsing the conversion of WPI to a for-profit company to the full Board for approval.

There being no further business, the meeting adjourned at 11:30 a.m.

Respectfully submitted,

Minnis E. Ridenour
Executive Vice President and
Chief Operating Officer

VIRGINIA TECH

STATUS REPORT ON TUITION AND FEES RECOMMENDATIONS FOR 2004-05

As of the mailing date for the materials for the March 29, 2004 Board of Visitors meeting, the 2004 Session of the General Assembly will still be in progress. Significant differences currently exist between the House and Senate versions of the proposed budget for the 2004-06 biennium, and how these differences will be resolved is not known. Further, these differences are significant for Virginia Tech with regard to available funding for 2004-05 and to the flexibility that will be assigned to the Boards of Visitors with regard to the establishment of tuition and fees for 2004-05.

The University continues to monitor the developments in the General Assembly and assess the impact of various tuition and fees proposals. However, the range of options is too broad to allow the University to construct a likely set of tuition and fees proposals at the current time. The separate tuition and fees proposals in the Executive Budget, the House budget, and the Senate budget all provide expanded authority for the Boards of Visitors to establish tuition and fees; however, the House and Senate proposals include limitations on the total revenue derived from tuition and fees. When combined with varying levels of new General Fund support, all three proposals would allow the University to make progress in addressing the base budget adequacy shortfall.

The major differences in these proposals relate to the pace by which the budgets fund the base budget adequacy guidelines and to the extent to which tuition and fees are used to provide the funding. The Executive Budget, while directly providing for a modest increase in tuition and fees rates, provides language that would allow the University to increase tuition and fees beyond the recommended rates to provide additional funding for base budget adequacy. The House budget returns the authority to set tuition and fees for all students to the Board of Visitors. However, the House budget restricts the amount of revenue that can be raised to address base budget adequacy such that the funding for each institution would not exceed 95 percent of the base budget adequacy guidelines. The Senate budget also returns authority to set tuition and fees to the Boards of Visitors. In the Senate budget, significantly more General Fund support is provided. When this funding is combined with somewhat more modest tuition and fee increases, the University can successfully pursue its four-year plan to eliminate the base budget adequacy shortfall.

The University intends to develop its 2004-05 tuition and fees proposals within the parameters eventually provided by the General Assembly. In developing the rate proposals, the University will use the principles previously shared with the Board of Visitors concerning the establishment of market-based tuition and fees rates, in relationship to our benchmark institutions, over a period of several years.

The close of the 2004 General Assembly Session is scheduled for Saturday, March 13, 2004. Because of the uncertainties involved with how soon information on the 2004-06 budget will be available after the close of the Session, the University will either mail tuition and fees recommendations to the Board of Visitors prior to its meeting, if possible, or present the 2004-05 tuition and fees recommendations to the Board of Visitors on March 29, 2004.

RESOLUTION FOR TUITION AND FEE RATES FOR 2004-05

WHEREAS, at the current time final information on the state budget for the 2004-06 biennium is not available; and

WHEREAS, the University must proceed with its financial planning, particularly with respect to tuition and fees; and

WHEREAS, the University intends to adopt a philosophy of establishing tuition and fees rates, over time, that are reflective of market-based rates charged by its peer institutions; and

WHEREAS, the University has managed its operations, especially auxiliary enterprises, over many years in an efficient and an effective manner, resulting in a low level of total cost to its students; and

WHEREAS, the University has developed a plan to provide appropriate student financial aid packages for those students with demonstrated financial need relative to increases in tuition and fees; and

WHEREAS, the University's low total tuition and fees provides significant capacity to increase revenues over multiple years while remaining at an affordable level and at or below the 60th percentile of tuition and fees rates charged by its peer institutions; and

WHEREAS, the University requires significant levels of new resources to increase faculty salaries to the 60th percentile of its peers and to fully fund the base budget adequacy requirement; and

WHEREAS, full support for faculty salaries increases and base budget adequacy funding is vital for the University to successfully pursue its strategic plan and effectively serve its students and the Commonwealth; and

WHEREAS, the University has developed a comprehensive financial resources model that utilizes the ability of the University to increase revenues from all sources to provide the needed resources, in concert with additional General Fund support, to address the University's faculty and staff salary needs, base budget adequacy requirement, academic initiatives, and student financial aid needs over a four year period displayed on the attached Schedule A;

NOW THEREFORE, be it resolved that the Board of Visitors authorizes the President and Executive Vice President and Chief Operating Officer to develop and implement a tuition and fee schedule for 2004-05 at a level not to exceed the amounts displayed on the attached Schedule B; and

FURTHER, be it resolved that the tuition and fee schedule will be based on the appropriated total costs of the University's various programs, with priority being given to the educational and general programs of the University including, faculty and staff salaries, base budget adequacy, academic initiatives, and student financial assistance. The tuition and fee schedule also will take into consideration the amount of General Fund support provided to the University for 2004-06 as well as any other restrictions or new requirements of the Appropriation Act; and

FURTHER, be it resolved that the University will present to the Board of Visitors for consideration and action at its June 7, 2004 meeting its total budget for 2004-05 including the allocation of tuition and fees in support of the various University programs. As reflected in Schedule C, total cost is projected to remain among the lowest for an in-state undergraduate student compared to public SCHEV peers, public Top 30 peers, and other Virginia public institutions.

RECOMMENDATION:

That the President and Executive Vice President and Chief Operating Officer are authorized to develop and implement a tuition and fee schedule for 2004-05 consistent with the attached schedule and this resolution.

March 29, 2004

**Funding Requirements for Salaries, Base Budget Adequacy, Academic Initiatives, and Student Financial Aid
(Dollars in Millions)**

	FY2004-05	FY2005-06	FY2006-07	FY2007-08	Total Over Four Years
	Funding Requirement	Funding Requirement	Funding Requirement	Funding Requirement	
Faculty Salaries ^{(1) (2)}	\$5.9	\$8.1	\$8.6	\$9.0	\$31.6
Staff Salaries ⁽¹⁾	1.9	2.2	2.3	2.3	8.7
Base Budget Adequacy	10.1	10.1	10.1	10.1	40.4
Academic Initiatives	4.0	4.0	4.0	4.0	16.0
Student Financial Aid	3.4	3.9	4.4	5.1	16.8
Total Requirements	<u>\$25.3</u>	<u>\$28.3</u>	<u>\$29.4</u>	<u>\$30.5</u>	<u>\$113.5</u>

(1) Salary and Fringes increased at 5.6% in for T&R Faculty and 3.0% for all other groups

(2) The annual cost of faculty salary increases and related fringe costs for FY05, at the rates disclosed in footnote 1, is \$7.8 million. However, for the funding requirements calculation, the FY05 costs are reduced by the split in first year salary increase rates that will occur in November 2004 and by the General Fund support provided for the first five months of the year. The adjusted cost for FY05 is \$5.9 million.

TUITION AND FEES MAXIMUM AUTHORIZATION FOR 2004-05

VIRGINIA TECH

	<u>2003-04 Charge</u>	<u>Proposed Maximum Total for 2004-05</u> (1)	<u>Increase</u>	
			<u>\$</u>	<u>%</u>
<u>UNDERGRADUATE STUDENTS</u> (1)				
Resident - Total Tuition and Fees	\$9,179	\$10,062	\$883	9.6%
Nonresident - Total Tuition and Fees	19,113	20,957	1,844	9.6%
 <u>GRADUATE STUDENTS</u> (1)				
On-Campus Programs				
Resident - Total Tuition and Fees	\$6,944	\$7,613	\$669	9.6%
Nonresident - Total Tuition and Fees	10,663	11,683	1,020	9.6%
Off-Campus Programs				
Resident - Total Tuition and Fees	\$6,741	\$7,311	\$570	8.5%
Nonresident - Total Tuition and Fees	10,435	11,439	1,004	9.6%
 <u>VETERINARY MEDICINE</u> (1)				
Virginia/Maryland Students - Total Tuition and Fees	\$11,746	\$12,878	\$1,132	9.6%
Nonresident - Total Tuition and Fees	27,916	29,150	1,234	4.4%

- (1) The allocation of tuition and fees to the various program areas of the University's budget will be developed in accordance with the authorization provided to the University, while remaining within the guidance and any restrictions included in the 2004-06 Appropriation Act.

COMPARISON OF TOTAL COSTS

Between Virginia Tech, SCHEV Peers, Public Top 30 Research Institutions, and Other Virginia Public Four-year Institutions

	2004-05			2003-04
	VT	60th Percentile	VT Rank	VT Rank
In-state Undergraduate				
Public SCHEV Peers	\$10,062	\$13,912	23 out of 23	23 out of 23
Public Top 30 Institutions	\$10,062	\$15,815	18 out of 19	18 out of 19
Virginia Institutions	\$10,062	\$12,019	15 out of 15	15 out of 15
Out-of-state Undergraduate				
Public SCHEV Peers	\$20,957	\$25,519	18 out of 23	20 out of 23
Public Top 30 Institutions	\$20,957	\$27,528	17 out of 19	18 out of 19
Virginia Institutions	\$20,957	\$20,912	7 out of 15	9 out of 15
In-state Graduate				
Public SCHEV Peers	\$7,613	\$7,686	10 out of 23	11 out of 23
Public Top 30 Institutions	\$7,613	\$7,625	8 out of 19	10 out of 19
Virginia Institutions	\$7,613	\$6,446	4 out of 12	5 out of 12
Out-of-state Graduate				
Public SCHEV Peers	\$11,683	\$18,253	22 out of 23	22 out of 23
Public Top 30 Institutions	\$11,683	\$20,624	19 out of 19	19 out of 19
Virginia Institutions	\$11,683	\$15,999	10 out of 12	10 out of 12

The rate of increase used to project the total cost for 2004-05 for the peer institutions, Top 30 Institutions, and Virginia four year institutions is seven percent and is a conservative projection, based on the annual compounded rates of increase for these institutions for the three fiscal years 2001-02, 2002-03, and 2003-04.

Virginia Polytechnic Institute and State University

2004-05 Compensation for Graduate Assistantships

Graduate students who work as graduate assistants while pursuing the master's or doctoral degrees provide a valuable service to the university. Many teach undergraduate classes. Others support faculty in scholarly and sponsored research activities. To be competitive in the recruitment and retention of high quality graduate students, it is important for the University to provide compensation packages that are comparable with those offered by our peer institutions. The key components of the compensation packages are competitive stipends, tuition assistance, and health insurance.

Graduate Stipends

One of the primary goals of Virginia Tech during the 1980s was to build a graduate stipend schedule that was competitive with those offered by comparable institutions. A stipend table was developed and levels have been adjusted each year. Individual amounts within the table were realigned to eliminate perceived discrepancies, and a new category was added for graduate students working on sponsored research projects. In the 1990's, the university developed a more comprehensive program of tuition scholarships for graduate students. Four sources finance the tuition program: the General Fund appropriation for student financial assistance, a scholarship program in the Educational and General budget, tuition payments in grants and contracts, and private gifts.

To respond to increasing competition for quality graduate students among our peer institutions, the graduate student stipend scale was revised for Fall 2003 and approved by the Board to better position Virginia Tech departments and to reflect the minimum stipend levels authorized by the National Science Foundation. For 2004-05, the University proposes to enhance this stipend scale by adding ten steps, numbered 41 to 50 on Table 1, to increase the University's competitive position in attracting outstanding PhD students.

Since this document was prepared prior to the outcome of the General Assembly, stipend increases are not yet known and are not included in the scale. If the General Assembly authorizes stipend increases, the University will automatically move the graduate stipend scale in accordance with the legislative intent. The University would establish the effective date of stipend increases as the beginning of the Fall 2004 academic term rather than November 25, 2004 (the likely beginning data for a proposed stipend increase), with an offsetting decrease to the stipend increase percentage. This process is consistent with the treatment of stipend increases in prior years. The shift to the beginning of the Fall academic term does not affect the total compensation for the graduate students; rather, it spreads the increase over the entire academic year. Further,

the University realizes administrative process savings and student recruitment advantages by making the adjustment to the effective date.

The 2004-05 graduate stipend compensation plan is described in Table 1.

Health Insurance Premium Compensation

At the March 5, 2001 meeting of the Board of Visitors, a health insurance program for graduate students on assistantships was approved as a part of the graduate student compensation package to enhance the University's competitiveness in recruiting highly qualified graduate students. With an initial annual funding level of \$250,000, the program funds a portion of the cost of health insurance for full-time graduate students receiving a full or partial assistantship, including graduate research assistants, graduate teaching assistants, and graduate assistants.

This program has been successful, and the University believes that the insurance program for graduate students should be retained as a part of the graduate student compensation package and expanded in the future as additional resources are identified. Thus, the university proposes to continue this program in 2004-05 and to expand the benefit provided to the students through an additional allocation of University support in the range of \$40,000 to \$140,000. The actual increase in funding for the program will be determined based upon financial resources available to the University after passage of the 2004-2006 budget and the compensation actions included in the Appropriation Act.

RECOMMENDATION:

That the stipend levels and graduate health insurance program be approved.

2004-05 Full-Time Graduate Monthly Stipend Compensation

Effective July 1, 2004

	<u>Monthly</u>	<u>9 Month</u>	<u>12 Month</u>
Step 1	1,063	9,567	12,756
Step 2	1,104	9,936	13,248
Step 3	1,145	10,305	13,740
Step 4	1,186	10,674	14,232
Step 5	1,227	11,043	14,724
Step 6	1,268	11,412	15,216
Step 7	1,309	11,781	15,708
Step 8	1,350	12,150	16,200
Step 9	1,391	12,519	16,692
Step 10	1,432	12,888	17,184
Step 11	1,472	13,248	17,664
Step 12	1,513	13,617	18,156
Step 13	1,554	13,986	18,648
Step 14	1,595	14,355	19,140
Step 15	1,636	14,724	19,632
Step 16	1,677	15,093	20,124
Step 17	1,718	15,462	20,616
Step 18	1,759	15,831	21,108
Step 19	1,800	16,200	21,600
Step 20	1,841	16,569	22,092
Step 21	1,881	16,929	22,572
Step 22	1,922	17,298	23,064
Step 23	1,963	17,667	23,556
Step 24	2,004	18,036	24,048
Step 25	2,045	18,405	24,540
Step 26	2,086	18,774	25,032
Step 27	2,127	19,143	25,524
Step 28	2,168	19,512	26,016
Step 29	2,209	19,881	26,508
Step 30	2,250	20,250	27,000
Step 31	2,290	20,610	27,480
Step 32	2,331	20,979	27,972
Step 33	2,372	21,348	28,464
Step 34	2,413	21,717	28,956
Step 35	2,454	22,086	29,448
Step 36	2,495	22,455	29,940
Step 37	2,536	22,824	30,432
Step 38	2,577	23,193	30,924
Step 39	2,618	23,562	31,416
Step 40	2,659	23,931	31,908
Step 41	2,700	24,300	32,400
Step 42	2,741	24,669	32,892
Step 43	2,782	25,038	33,384
Step 44	2,823	25,407	33,876
Step 45	2,864	25,776	34,368
Step 46	2,905	26,145	34,860
Step 47	2,946	26,514	35,352
Step 48	2,987	26,883	35,844
Step 49	3,028	27,252	36,336
Step 50	3,069	27,621	36,828

VIRGINIA TECH

FINANCIAL PERFORMANCE REPORT

Operating and Capital Expenditures

July 1, 2003 to December 31, 2003

FINANCIAL PERFORMANCE REPORT

The Financial Performance Report of income and expenditures is prepared from two sources: actual accounting data, as recorded at Virginia Tech and with the Commonwealth of Virginia, and the annual budgets. The actual accounting data reflect the modified accrual basis of accounting, which recognizes revenues when received rather than when earned and the expenditures when obligated rather than when paid. The annual budgets are based upon the amount of funds anticipated, approved, and appropriated to Virginia Tech by the General Assembly and the Governor of the Commonwealth of Virginia before the beginning of the fiscal year. The projected year-end budgets reflect adjustments to incorporate actual experience during the fiscal year. The adjustments are coordinated with the State Department of Planning and Budget.

The July to December 2003-2004 budget (year-to-date) is prepared from historical data and reflects trends in expenditures from previous years. Differences between the actual income and expenditures and the year-to-date budget may occur for a variety of reasons, such as an accelerated or delayed flow of documents through the accounting system, a change in spending patterns at the college level, or increases in revenues for a particular area.

Quarterly budget estimates are prepared to provide an intermediate measure of income and expenditures. Actual revenues and expenditures may vary from the budget estimates. The projected year-end budgets are, however, the final measure of accountability since the institution has a legislative mandate to remain within the total revenue and expenditure amounts appropriated by the General Assembly for the two divisions of Virginia Tech, including transfers from the Commonwealth's Central Appropriation for classified salary increase and fringe benefit rate changes.

OPERATING BUDGET

1. Tuition and Fee revenue is higher than historical projections through the second quarter due to earlier than projected tuition collections.
2. Expenses in the academic programs are lower than projected due to salary savings from vacant positions in the current year and timing of certain operating expenses. Salary savings will be redistributed during the remainder of the year to one-time costs.
3. The budget for federal revenue is established to match projected allotments from the federal government. All expenses in federal programs are covered by drawdowns of federal revenue up to allotted amounts. Federal revenue in the cooperative Extension/Agriculture Experiment Station Division was less than the projected budget due to lower-than-anticipated federal expenditures and the timing of receipt of federal drawdowns.
4. Expenses in the Cooperative Extension/Agriculture Experiment Station Division are lower than historical budget projections due to salary savings from vacant positions in the current year. These savings will be redistributed during the remainder of the year to one-time costs.
5. Quarterly and projected annual variances are explained in the Auxiliary Enterprises section of this report.
6. Historical patterns have been used to develop a measure of the revenue and expenditure activity for Sponsored Programs. Actual revenues and expenses may vary from the budget estimates because projects are initiated and concluded on an individual basis without regard to fiscal year. The annual revenue and expenditure budgets were established based on a 10% target growth in sponsored activity levels. Total sponsored and overhead revenue and expenses were less than projected but sponsored and research expenditures are ahead of 2002-2003 activity levels.
7. The General Fund revenue budget has been increased by \$226,500 for a transfer from Student Financial Assistance to the Educational and General program for assistantships in the Multicultural Academic Opportunities Program, by \$27,816 for VIVA libraries distribution costs, and by \$197,030 to match the actual central appropriations transfer based on revisions in statewide fringe benefit rates. The corresponding expenditure budgets have been adjusted accordingly.
8. The annual budget for Tuition and Fees has been increased by \$112,006 to finalize the revenue estimates for the Virginia/Maryland Regional College of Veterinary Medicine and increased by \$45,000 for graduate degree application fees. The corresponding expenditure budgets have been adjusted accordingly.
9. The revenue budget for All Other Income has been increased by \$137,448 for additional administrative cost allowance from the Federal Government for administration of federal student aid programs, by \$1,643,531 for the carryover of tobacco funds for the Virginia Bioinformatics Institute and by \$5,513,000 to recognize the direct assistance from the auxiliary enterprises. The corresponding expenditure budgets have been adjusted accordingly.
10. The General Fund revenue budget for the Cooperative Extension/Agriculture Experiment Station Division has been increased by \$168,991 to match the actual central appropriations transfer based on revisions in statewide fringe benefit rates. The corresponding expenditure budgets have been adjusted accordingly.
11. The annual budget for Federal Appropriations in the Cooperative Extension/Agriculture Experiment Station Division has been adjusted to reflect additional federal funds that are available to be expended prior to June 30, 2004. The corresponding expenditure budgets have been adjusted accordingly.
12. The Commonwealth provided \$331,461 of additional funding for need-based student financial aid; the projected year-end revenue and expense budgets for Student Financial Assistance were adjusted accordingly. In addition, budgets were reduced by \$226,500 for the transfer from Student Financial Assistance to the Educational and General program for assistantships in the Multicultural Academic Opportunities Program.

OPERATING BUDGETS
2003-2004 Fiscal Year

Dollars in Thousands

	July 1, 2003 to December 31, 2003			Annual Budget for 2003-2004		
	Actual	Budget	Change	Original	Adjusted	Change
Educational and General Programs						
<u>University Division</u>						
<u>Revenues</u>						
- General Fund	\$134,189	\$134,189	\$0	\$135,068	\$135,519	\$451 (7)
- Tuition and Fees	103,360	101,700	1,660 (1)	181,697	181,854	157 (8)
- All Other Income	15,782	15,673	109	22,356	29,650	7,294 (9)
Total Revenues	\$253,331	\$251,562	\$1,769	\$339,121	\$347,023	\$7,902
<u>Expenses</u>						
- Academic Programs	\$-114,192	\$-115,559	\$1,367 (2)	\$-225,908	\$-231,171	\$-5,263 (7,8,9)
- Support Programs	-60,045	-59,688	-357	-113,213	-115,852	-2,639 (7,8,9)
Total Expenses	\$-174,237	\$-175,247	\$1,010	\$-339,121	\$-347,023	\$-7,902
NET	\$79,094	\$76,315	\$2,779	\$0	\$0	\$0
<u>CE/AES Division</u>						
<u>Revenues</u>						
- General Fund	\$53,519	\$53,519	\$0	\$52,349	\$52,518	\$169 (10)
- Federal Appropriation	6,396	7,154	-758 (3)	13,428	14,028	600 (11)
- All Other Income	501	277	224	600	600	0
Total Revenues	\$60,416	\$60,950	\$-534	\$66,377	\$67,146	\$769
<u>Expenses</u>						
- Academic Programs	\$-32,007	\$-34,581	\$2,574 (3,4)	\$-61,491	\$-62,199	\$-708 (10,11)
- Support Programs	-2,053	-2,082	29	-4,886	-4,947	-61 (10)
Total Expenses	\$-34,060	\$-36,663	\$2,603	\$-66,377	\$-67,146	\$-769
NET	\$26,356	\$24,287	\$2,069	\$0	\$0	\$0
Auxiliary Enterprises						
Revenues	\$76,309	\$74,738	\$1,571 (5)	\$131,297	\$135,127	\$3,830 (5)
Expenses	-65,135	-65,346	211 (5)	-130,485	-139,439	-8,954 (5)
Reserve Drawdown (Deposit)	-11,174	-9,392	-1,782 (5)	-812	4,312	5,124 (5)
NET	\$0	\$0	\$0	\$0	\$0	\$0
Sponsored Programs						
Revenues	\$71,739	\$82,358	\$-10,619 (6)	\$168,399	\$168,399	\$0
Expenses	-80,887	-92,650	11,763 (6)	-168,399	-168,399	0
Reserve Drawdown (Deposit)	9,148	10,292	-1,144 (6)	0	0	0
NET	\$0	\$0	\$0	\$0	\$0	\$0
Student Financial Assistance						
Revenues	\$11,430	\$11,430	\$0	\$11,430	\$11,535	\$105 (12)
Expenses	-5,368	-5,557	189	-11,430	-11,535	-105 (12)
NET	\$6,062	\$5,873	\$189	\$0	\$0	\$0
All Other Programs *						
Revenues	\$1,516	\$1,634	\$-118	\$4,481	\$4,481	\$0
Expenses	-1,973	-2,133	160	-4,481	-4,481	0
Reserve Drawdown (Deposit)	457	499	-42	0	0	0
NET	\$0	\$0	\$0	\$0	\$0	\$0
Total University						
Revenues	\$474,741	\$482,672	\$-7,931	\$721,105	\$733,711	\$12,606
Expenses	-361,660	-377,596	15,936	-720,293	-738,023	-17,730
Reserve Drawdown (Deposit)	-1,569	1,399	-2,968	-812	4,312	5,124
NET	\$111,512	\$106,475	\$5,037	\$0	\$0	\$0

* All Other Programs include federal work study, alumni affairs, surplus property, and unique military activities.

AUXILIARY ENTERPRISE BUDGET

1. Revenues in Residence and Dining Halls are higher than projected due to better-than-projected occupancy in the residence halls, income from dining dollar deposits, and meal plan sales to off-campus students. Expenditures are less than projected due to savings in salary costs as a result of turnover and vacancy and the timing of maintenance and renovation expenditures.
2. Revenues are higher than projected in Telecommunications due to a higher-than-projected income from telecommunication service and equipment sales to university departments. Expenditures are higher than projected due to timing of equipment purchases for various campus projects.
3. Revenues are higher than projected in Intercollegiate Athletics due to higher-than-anticipated basketball ticket sales, the timing of basketball ticket sales occurring earlier than in previous years due to an increase in season ticket purchases, and higher-than-projected internet processing fees collected from an increase in the volume of online ticket orders.
4. Revenues are higher than projected in the Electric Service due to cooler fall weather and early winter weather, which increased the demand for electricity beyond projections for residential customers.
5. Revenues are higher than projected in the Donaldson Brown Hotel and Conference Center due to improved accounts receivable billing and higher-than-projected income from lodging and food sales.
6. Expenditures are lower than projected in the Other Enterprise Functions due to timing of operating expenditures for copier lease payments in the Library Auxiliary, equipment purchases in Golf Course, equipment maintenance expenses in Hokie Passport, and locker room modifications at the Tennis Pavilion.
7. The projected year-end budget was increased for outstanding 2002-2003 commitments and projects that were initiated but not completed before June 30, 2003.
8. The projected annual revenue, expenditure, and reserve drawdown budgets for Parking and Transportation Services were adjusted to complete last fiscal year's Blacksburg Transit contract payment to the Town of Blacksburg, account for additional revenue in the Northern Virginia parking operation from the sale of parking permits, and reflect delayed contract payment receipts from the previous fiscal year.
9. The projected annual revenue and expenditure budgets for Telecommunications were adjusted to accommodate additional installation services provided to capital projects and activity on the National Lambda Rail Project.
10. The projected annual revenue, expenditure, and reserve drawdown budgets for the University Services System were adjusted to accommodate lower than projected summer fee income; the anticipated custodial, maintenance, and furnishing costs of the new Career Services building; renovation in the Squires recreational room; savings from debt refinancing; and one-time additional operating support.
11. The projected annual revenue, expenditure, and reserve drawdown budgets for Intercollegiate Athletics were adjusted to accommodate higher-than-anticipated ticket sales and handling fees, increased NCAA income, Big East income and Big East conference exit and lawsuit fees, higher-than-anticipated concessions income and licensing revenue, lower-than-anticipated interest earnings, adjustments to personnel costs, increased medical costs, Ticket Office expenses, additional equipment, Coliseum Ambulatory renovation, Worsham Field Turf, revenue and expenses associated with hosting the NCAA Golf Championship and Fall Preview, higher-than-projected South End Zone revenues and participation in the 2003 Insight Bowl game.
12. The projected annual expenditure and reserve drawdown budgets for the Donaldson Brown Hotel and Conference Center were adjusted to accommodate the payment of management fees to the Hilton Hotels Corporation in accordance with the hotel operating agreement effective October 1, 2003.
13. The expenditure and reserve drawdown budgets for Other Enterprise Functions were adjusted to increase the Licensing and Trademark contribution to scholarships for academic programs and athletic programs as a result of increased royalties collected from the sale of Virginia Tech merchandise in Fiscal Year 2003. In addition, the budgets were adjusted to reflect the utilization of cash accumulated in 2002-2003 from all of the auxiliary enterprise functions to provide temporary financial assistance to the University's educational and general programs, in accordance with the budget reduction plans approved by the Board in November 2002.

**UNIVERSITY DIVISION
AUXILIARY ENTERPRISES**

Dollars in Thousands

	July 1, 2003 to December 31, 2003			Annual Budget for 2003-2004		
	Actual	Budget	Change	Original	Adjusted	Change
Residence and Dining Halls						
Revenues	\$24,785	\$23,867	\$918 (1)	\$45,538	\$45,538	\$0
Expenses	-20,687	-21,127	440 (1)	-45,656	-46,403	-747 (7)
Reserve Drawdown (Deposit)	-4,098	-2,740	-1,358	118	865	747 (7)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Parking and Transportation						
Revenues	\$2,753	\$2,687	\$66	\$4,215	\$4,231	\$16 (8)
Expenses	-2,685	-2,757	72	-4,107	-4,363	-256 (7,8)
Reserve Drawdown (Deposit)	-68	70	-138	-108	132	240 (7,8)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Telecommunications Services						
Revenues	\$7,454	\$7,314	\$140 (2)	\$13,940	\$14,840	\$900 (9)
Expenses	-5,937	-5,517	-420 (2)	-14,076	-15,107	-1,031 (7,9)
Reserve Drawdown (Deposit)	-1,517	-1,797	280	136	267	131 (7,9)
Net	\$0	\$0	\$0	\$0	\$0	\$0
University Services System						
Revenues	\$9,108	\$9,192	\$-84	\$17,071	\$17,021	\$-50 (10)
Expenses	-8,122	-8,048	-74	-18,266	-18,848	-582 (7,10)
Reserve Drawdown (Deposit)	-986	-1,144	158	1,195	1,827	632 (7,10)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Intercollegiate Athletics						
Revenues	\$20,538	\$20,368	\$170 (3)	\$26,845	\$29,809	\$2,964 (11)
Expenses	-14,768	-14,750	-18	-24,332	-27,533	-3,201 (7,11)
Reserve Drawdown (Deposit)	-5,770	-5,618	-152	-2,513	-2,276	237 (7,11)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Electric Service						
Revenues	\$6,953	\$6,833	\$120 (4)	\$15,020	\$15,020	\$0
Expenses	-7,438	-7,406	-32	-15,345	-15,601	-256 (7)
Reserve Drawdown (Deposit)	485	573	-88	325	581	256 (7)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Donaldson Brown Hotel and Conference Center						
Revenues	\$1,960	\$1,787	\$173 (5)	\$3,743	\$3,743	\$0
Expenses	-1,703	-1,770	67	-3,813	-3,930	-117 (7,12)
Reserve Drawdown (Deposit)	-257	-17	-240	70	187	117 (7,12)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Other Enterprise Functions						
Revenues	\$2,758	\$2,690	\$68	\$4,925	\$4,925	\$0
Expenses	-3,795	-3,971	176 (6)	-4,890	-7,654	-2,764 (7,13)
Reserve Drawdown (Deposit)	1,037	1,281	-244	-35	2,729	2,764 (7,13)
Net	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL AUXILIARIES						
Revenues	\$76,309	\$74,738	\$1,571	\$131,297	\$135,127	\$3,830
Expenses	-65,135	-65,346	211	-130,485	-139,439	-8,954
Reserve Drawdown (Deposit)	-11,174	-9,392	-1,782	-812	4,312	5,124
Net	\$0	\$0	\$0	\$0	\$0	\$0

CAPITAL OUTLAY BUDGET

Educational and General Projects

1. The project total budget and cumulative expenses reflect the appropriations available for fiscal year 2004. The annual budget was adjusted because expenses planned for fiscal year 2003 will be processed in fiscal year 2004. The annual budget is the amount needed to meet the state's 85 percent performance requirement.
2. Blanket Authorizations allow unforeseen renovation needs within \$500,000 to be authorized administratively for expediency. No active projects are underway.
3. The project is substantially complete and outstanding items with the contractor continue to defer closing the project. The total project cost is expected to be \$1.67 million.
4. This project provides state-of-the-art teaching laboratories, faculty offices, and lecture hall space. The project is complete and will be closed when final payments are processed. The total cost is expected to be \$420,000 less than budgeted as a result of bid savings.
5. This project will replace outdated structures at the Dairy Cattle Center with state-of-the-art facilities. The project is under construction with an estimated completion date of April 2004. The annual budget was adjusted because inclement weather delays in the spring pushed construction work into fiscal year 2004.
6. The project is complete and will be closed when final payments are processed. The annual budget was adjusted to reflect an estimated closing date in fiscal year 2004.
7. This comprehensive project addresses health and safety issues throughout campus such as fire alarm systems, air quality, and access for persons with disabilities. This project includes multiple items in various phases of design and construction. The project is nearing completion and will be closed when final payments are processed. The annual budget was adjusted because expenses planned in fiscal year 2003 will be processed in fiscal year 2004.
8. The Career Services project replaces the outdated facilities in Henderson Hall. Construction is underway with an estimated completion date of May 2004.
9. This Bioinformatics research building is complete and the project will be closed when final payments are processed.
10. This project will provide a livestock presentation arena. The project is under construction with an estimated completion date of March 2004. The total project cost is expected to be \$3.02 million, which is lower than the original cost due to bid savings.
11. This project includes the construction of a federally funded laboratory located near the Brooks Center. Planning is underway with an estimated construction completion date of October 2005. The annual budget was adjusted to reflect the planning schedule.
12. This project consists of a second biological and computational research building located adjacent to the phase I Bioinformatics building. The project is under construction with an estimated completion date of October 2004.

2002 General Obligation Bond Program

13. This project will build a state-of-the-art laboratory facility to support plant science teaching and research. Construction is underway with an estimated completion date of August 2005.
14. The University has obtained the necessary approvals to combine the Biology building with the Vivarium facility. This project now encompasses a 72,000 gross square foot multidisciplinary research laboratory facility. The project is in the preliminary design phase with an estimated bid date of March 2005.
15. This project is to construct a new laboratory facility to support instructional programs in the Building Construction department. The total project budget includes an existing \$1 million of nongeneral fund support that may be used to initiate planning. The annual budget was adjusted to reflect moving forward with programming work. The estimated bid date is July 2005 and the estimated completion date is January 2007.
16. This project is designed to update about 46,500 gross square feet of the most out-of-date general assignment classrooms on campus. The estimated bid date is August 2005.
17. This project will update the building's power and HVAC infrastructure to support modern instructional technology. The estimated bid date is September 2006.
18. This project will repair existing exterior precast concrete panels that are failing. The estimated bid date is December 2005.
19. This project will provide cooling capacity to the north zone of campus to support several new construction and renovation projects. The estimated bid date is April 2005.
20. This project will renovate Henderson Hall to house the School of the Arts program and to construct a state-of-the-art performance theatre. The annual budget reflects estimated planning expenses for the Performing Arts Center. The estimated bid date is April 2006.
21. The project calls for the renovation of Williams Hall, Agnew Hall, and part of Burruss Hall for state-of-the-art instructional space. The Williams Hall component is complete with a budget of \$5.701 million including \$4.566 million of VCBA Bonds and \$482,000 of General Fund monies. The project includes \$652,000 of nongeneral fund authorization for the Williams Hall component that was a placeholder until the 2002 General Obligation Bond funds were available. The estimated bid date for the Agnew and Burruss components is October 2006. The annual budget was adjusted because expense activity expected in fiscal year 2003 will be processed in fiscal year 2004.
22. This project will build a state-of-the-art, multidisciplinary research laboratory facility. Planning is underway with an estimated bid date of January 2005.
23. The timing of this project is based on the state's capital implementation plan.

**CAPITAL OUTLAY PROJECTS
AUTHORIZED AS OF DECEMBER 31, 2003**

Dollars in Thousands

	CURRENT YEAR			TOTAL PROJECT BUDGET						
	ORIGINAL ANNUAL BUDGET	REVISED ANNUAL BUDGET	YTD EXPENSES	STATE SUPPORT	GENERAL OBLIGATION BOND	NONGENERAL FUND	REVENUE BOND	TOTAL BUDGET	CUMULATIVE EXPENSES	
<u>Educational and General Projects</u>										
Maintenance Reserve	\$ 929	\$ 2,700	\$ 1,301	\$ 4,564	\$ 0	\$ 0	\$ 0	\$ 4,564	\$ 2,525	(1)
Blanket Authorizations	0	0	0	0	0	9,870	0	9,870	0	(2)
Airport Taxiway Construction	275	275	0	0	0	3,129	0	3,129	1,395	(3)
Chemistry/Physics - Phase II	7,491	8,578	3,561	23,431	0	3,763	0	27,194	21,757	(4)
Dairy Science Facilities	2,402	4,196	1,502	5,343	0	0	0	5,343	2,649	(5)
Hampton Roads Wing Replacement	0	265	171	1,345	0	83	0	1,428	1,333	(6)
Health, Safety, and Accessibility	252	1,166	804	2,500	0	0	0	2,500	2,138	(7)
Career Services Facility	2,790	3,430	2,213	0	0	0	4,608	4,608	3,109	(8)
Bioinformatics Building - Phase I	7,619	8,112	4,481	0	0	0	21,864	21,864	18,233	(9)
Multipurpose Livestock Arena	2,659	2,660	1,538	1,900	0	1,818	0	3,718	1,861	(10)
Fisheries and Aquatics Research Center	500	110	51	0	0	800	0	800	51	(11)
Bioinformatics Building Phase II	12,730	14,424	5,166	20,436	0	0	0	20,436	5,836	(12)
TOTAL	37,647	45,916	20,788	59,519	0	19,463	26,472	105,454	60,887	
<u>2002 General Obligation Bond Program</u>										
Agriculture & Natural Resources Research Laboratory	11,800	10,201	1,448	1,367	23,168	256	0	24,791	3,040	(13,23)
Biology/Vivarium Building	1,707	1,400	1	0	26,263	0	8,750	35,013	1	(14,23)
Bishop-Favrao Hall	100	100	59	0	2,500	5,000	0	7,500	59	(15,23)
Classroom Improvements, Phase I	0	0	0	0	4,530	0	0	4,530	0	(16,23)
Cowgill Hall HVAC and Power	0	0	0	0	7,500	0	0	7,500	0	(17,23)
Litton-Reaves Hall Exterior Repairs	1,400	0	0	0	2,500	0	0	2,500	0	(18,23)
Main Campus Chilled Water Central Plant	0	20	0	0	2,800	0	0	2,800	0	(19,23)
Henderson Hall and Performing Arts Center	30	770	0	0	6,542	2,235	40,000	48,777	0	(20,23)
Williams, Agnew, & Burruss Renovation	810	2,926	2,253	5,048	5,452	652	0	11,152	5,029	(21,23)
Institute of Critical Technologies and Applied Sciences	530	1,300	422	0	13,996	0	17,000	30,996	422	(22,23)
TOTAL	16,377	16,717	4,183	6,415	95,251	8,143	65,750	175,559	8,551	

CAPITAL OUTLAY BUDGET (continued)

Auxiliary Enterprises Projects

1. Projects are scheduled and funded by the auxiliary enterprises during the annual Auxiliary Enterprise Budgeting Process. The total budget and expense amounts reflect the authorization available for the 2002-2004 biennium.
2. Blanket Authorizations allow unforeseen renovation needs within \$500,000 to be authorized administratively for expediency. This blanket has no active project authorizations.
3. The active project underway covers improvements to four existing lots. The revised annual budget reflects costs to complete two of the improvement projects that carried forward from fiscal year 2003. The outstanding project budget balance is envisioned for parking structures that are on hold.
4. The project is complete and will be closed when final payments are processed. The final project cost is expected to be \$2,992,000. The annual budget was adjusted because activities and expenses planned for fiscal year 2003 are expected to be completed in fiscal year 2004.
5. This project is under construction with an estimated completion date of June 2005. The total estimated cost is expected to be \$43.118 million. The annual budget was adjusted because of inclement weather delays.
6. This project was envisioned to build a new clubhouse and driving range; the project is on hold pending programmatic decisions regarding future use of the on-campus course.
7. Phase I, South End Zone: This component is complete and the total cost is expected to be \$34.565 million. Phase II, West Side Stands: The caisson and site work package is nearly complete. The low bid, including two additive items for elevators and lights, has been accepted and construction is underway. The total cost for the West Side project is expected to be \$54.02 million. The annual budget was adjusted to reflect a construction start date of March 2004.
8. The project is complete and will be closed when final payments are processed.
9. This project envisions a new residence hall of approximately 256 beds along with office spaces for residential services and judicial affairs. The project is on hold pending review of future residential fees and program priorities.
10. The project is complete and will be closed when final payments are processed. The annual budget was adjusted because expenses planned for fiscal year 2003 will be processed in fiscal year 2004.
11. The project is complete and will be closed when final payments are processed. The annual budget was adjusted because expenses planned for fiscal year 2003 were processed in fiscal year 2004.
12. This project will modernize the servery of the second floor of Dietrick dining hall. All bids were over budget. The bid overrun was administratively approved by the Department of Planning and Budget as an addition to the project; the increase in the total cost will be funded by auxiliary reserves. The estimated completion date is August 2004.
13. This project is envisioned to build dining, student activity, meeting, and classroom space. The project is on hold pending further review of the site location and the program priorities.
14. This project is envisioned to expand the existing student center by adding dining, student activity, meeting, and classroom space. The project is on hold pending further review of the site and program priorities. The annual budget was adjusted to reflect project management costs.
15. This project will install seating stands and restrooms to support the field adjacent to McComas Hall. The stands are complete. The estimated completion date of the restrooms is June 2004.

Capital Outlay Projects Authorized as of December 31, 2003 (Continued)

Dollars in Thousands

	CURRENT YEAR			TOTAL PROJECT						
	ORIGINAL ANNUAL BUDGET	REVISED ANNUAL BUDGET	YTD EXPENSES	STATE SUPPORT	GENERAL OBLIGATION BOND	NONGENERAL FUND	REVENUE BOND	TOTAL BUDGET	CUMULATIVE EXPENSES	
<u>Auxiliary Enterprises Projects</u>										
Maintenance Reserve	\$ 2,800	\$ 2,800	\$ 1,852	\$ 0	\$ 0	\$ 5,903	\$ 0	\$ 5,903	\$ 4,955	(1)
Auxiliary Enterprise Blanket Authorizations	0	0	0	0	0	4,809	0	4,809	2,691	(2)
Parking Auxiliary Projects	0	518	206	0	0	79	20,619	20,698	737	(3)
Substation Expansion	0	100	84	0	0	0	3,800	3,800	2,977	(4)
Alumni/CEC/Hotel Complex	23,840	20,668	5,487	0	0	25,099	20,732	45,831	8,611	(5)
Golf Course Facilities	0	0	0	0	0	1,500	0	1,500	0	(6)
Expand Lane Stadium - Phases I and II	250	9,400	1,649	0	0	11,000	82,800	93,800	35,022	(7)
Improve Security Access in Residence Halls	0	360	323	0	0	1,366	0	1,366	1,329	(8)
New Residence Hall	0	0	0	0	0	1,041	15,000	16,041	86	(9)
Electric Service Facility	644	1,678	1,319	0	0	251	2,749	3,000	2,641	(10)
Recreation Fields	0	243	127	0	0	1,529	0	1,529	1,413	(11)
Dietrick Seryer/HVAC, Phase II	3,850	3,891	299	0	0	1,500	5,000	6,500	403	(12)
Dining and Student Union Facility	0	0	0	0	0	0	6,250	6,250	0	(13)
G. Burke Johnston Student Center Addition	0	5	4	0	0	0	6,250	6,250	42	(14)
Soccer/Lacrosse Complex	750	750	350	0	0	750	0	750	350	(15)
TOTAL	32,134	40,413	11,700	0	0	54,827	163,200	218,027	61,257	
GRAND TOTAL	\$ 86,158	\$ 103,046	\$ 36,671	\$ 65,934	\$ 95,251	\$ 82,433	\$ 255,422	\$ 499,040	\$ 130,695	

RECOMMENDATION:

That the report of income and expenditures for the University Division and the Cooperative Extension/Agriculture Experiment Station Division for the period of July 1, 2003 through December 31, 2003 and the Capital Outlay report be accepted.

RESOLUTION AUTHORIZING THE
SIGNATURE OF CONTRACTUAL DOCUMENTS

WHEREAS, by action of the Board of Visitors of Virginia Polytechnic Institute and State University, at its meeting in March, 1988, it was resolved and ordered that Minnis E. Ridenour, as the Executive Vice President and Chief Business Officer, be designated as the Chief Contracting Officer of the University. Further, the Chief Contracting Officer was given authority to designate individuals in specific positions to execute certain kinds of contracts and agreements that relate to their functional areas that may be required of the University by the United States Government and the Commonwealth of Virginia; and

NOW, THEREFORE, be it resolved and ordered by the Board of Visitors at Virginia Polytechnic Institute and State University, as of March 29, 2004:

1. That the incumbent of the position of Executive Vice President is designated as the Chief Contracting Officer of the University and is authorized to execute all contracts and agreements.
2. That the Chief Contracting Officer may designate individuals in positions, as deemed appropriate, to execute specific kinds of contracts and agreements in such areas as physical plant and capital outlay, sponsored programs, outreach services, Agricultural Experiment Station and athletics.
3. That the Chief Contracting Officer may designate a Contract Review Officer to sign certain contractual agreements, such as maintenance agreements, service agreements, licensee software agreements, and equipment leases, up to \$100,000 in value.
4. That in the absence of the Executive Vice President, the President and the Provost and Vice President for Academic Affairs are authorized to sign all contracts and agreements.

RECOMMENDATION: That the proposed resolution designating contractual signature authority of the aforementioned be approved.

March 29, 2004

**LANE STADIUM EXPANSION AND 1996 REFUNDING RESOLUTIONS
BRIEFING REPORT**

Contingent upon the approval of the Commonwealth Treasury Board, the University plans to sell its Series 2004 tax-exempt bonds immediately following the Treasury Board's April 21st meeting. Up to four series of bonds could be issued; one for the Lane Stadium expansion project and three potential series for the refunding of certain maturities of the University's 1996 bonds. The refunding of the 1996 bonds is contingent upon a continued low interest rate environment.

The amount of bonds issued for the Lane Stadium expansion will equal the project budget of \$54.02 million less an equity contribution of \$2.7 million, plus amounts needed to fund issuance costs and other financing expenses. The BOV will be asked to approve a maximum amount of \$55.005 million for the Lane Stadium expansion project.

In addition to the project bonds, the Athletic Series resolution also allows for the refunding of the Series 1996 Athletic bonds for a maximum amount of \$4.830 million. As a result, the BOV will be asked to approve the following resolutions authorizing and securing up to \$59,835,000 of Athletic Facilities System Revenue Bonds:

- Athletic Facilities System Resolution
- Athletic Facilities System Series Resolution

Also, in 1996 the University issued its Series 1996 Revenue Bonds for the benefit of various General Revenue Pledge, Dorm and Dining, and University Services capital projects. Of the \$70.34 million issued, up to approximately \$46.26 million could be refunded should interest rates remain at levels that justify a refunding. Accordingly, the BOV will be asked to approve the following resolutions authorizing and securing the Series 1996 Refunding Bonds:

- General Revenue Pledge Refunding Bonds Resolution
- Dormitory and Dining Hall System Series Resolution
- University Services System Series Resolution

The proposed resolutions identify the President, the Executive Vice President and the University Treasurer as authorized officers to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the sale and issuance of the Athletic and Refunding bonds. Such further action includes determining whether interest rates on the sale date justify a refunding within the parameters set by the Board resolutions, approving and deeming final the Preliminary Official Statement in connection with the public offering of the Bonds, and approving the final Bond Purchase Agreement, which will set forth the final terms of the Bonds and the sale thereof to a group of underwriters the senior manager of which is Morgan Keegan and Company. Drafts of the Preliminary Official Statement and the Bond Purchase Agreements are included in the Board package along with the five resolutions noted above.

**VIRGINIA POLYTECHNIC INSTITUTE
AND STATE UNIVERSITY**

RESOLUTION

**AUTHORIZING AND SECURING
ATHLETIC FACILITIES SYSTEM REVENUE BONDS**

ADOPTED ON MARCH 29, 2004

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Exhibit A - Existing Facilities

A RESOLUTION AUTHORIZING THE ISSUANCE OF VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY ATHLETIC FACILITIES SYSTEM REVENUE BONDS; PROVIDING FOR AN ATHLETIC FACILITIES SYSTEM FOR OPERATING AND FINANCING PURPOSES; PLEDGING TO THE PAYMENT OF THE PRINCIPAL OF AND THE INTEREST ON SUCH BONDS THE NET REVENUES OF THE ATHLETIC FACILITIES SYSTEM AS PROVIDED HEREIN; AND SETTING FORTH THE RIGHTS AND REMEDIES OF THE HOLDERS OF SUCH BONDS.

RECITALS

A. By Chapter 11, Title 23, Code of Virginia of 1950, as amended, there is created a corporation under the name and style of the Virginia Polytechnic Institute and State University (the "University"); which is governed by a Board of Visitors (the "Board"), which is vested with the supervision, management and control of the University.

B. By Chapter 3, Title 23, Code of Virginia of 1950, as amended (the "Act"), the University, is classified as an educational institution, is declared to be a public body and is constituted a governmental instrumentality for the dissemination of education.

C. By virtue of the Act, the University, with the consent and approval of the General Assembly of the Commonwealth of Virginia and the Governor of the Commonwealth of Virginia, is authorized and empowered:

(a) to build, construct, reconstruct, erect, extend, better, equip and improve any building, facility, addition, extension or improvement of a capital nature required by or convenient for the purposes of the University, including, without limitation, dormitories, student apartments, faculty dwellings, dining halls, cafeterias and snack bars, and all land and any other appurtenances and equipment necessary or desirable in connection therewith or incidental thereto,

(b) to borrow money and make, issue and sell bonds of the University for any of such purposes, such bonds to be issued and sold through the Treasury Board of the Commonwealth of Virginia (the "Treasury Board") and to be payable only from any one or more of the revenue sources provided therefor in the Act and pledged for their payment, and

(c) to fix and revise from time to time and to charge and collect student building fees and fees, rents and charges for or in connection with the use, occupation or services of each project for which bonds are issued for or in connection with the use, occupation or services of any existing facilities of the University, and to pledge the same to payment of the principal of and the interest on such bonds.

D. Pursuant to a resolution adopted by the Board on August 26, 1996 (the "1996 Resolution"), the University issued its general revenue pledge bonds in the original aggregate principal amount of \$45,190,000, designated "General Revenue Pledge Bonds, Series 1996", dated October 1, 1996 (the "1996 Bonds").

E. The Board has determined to form a single system for the purpose of operating and financing its existing athletic facilities and any additional athletic facilities financed or refinanced with bonds issued under this Resolution, and to refund a portion of the 1996 Bonds that financed University athletic facilities.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF VISITORS OF VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. In addition to words and terms elsewhere defined in this Resolution, the following words and terms as used in this Resolution shall have the following meanings, unless some other meaning is plainly intended:

“Act” shall mean Chapter 3, Title 23, Code of Virginia, 1950, as amended.

“Additional Facilities” shall mean any additional athletic facilities or any part thereof and any additions, extensions and improvements to the System, which are financed or refinanced under the provisions of this Resolution, or the revenues from which have been added to Revenues pursuant to the provisions of Section 7.1.

“Annual Budget” shall mean the University’s budget of Current Expenses of the System for a Fiscal Year adopted pursuant to the provisions of Section 5.5.

“Balloon Bond” shall mean any Bond, 25% or more of the original principal amount of which matures during any consecutive 12 month period, if such maturing principal amount is not required to be amortized below such percentage by mandatory redemption or prepayment before such twelve-month period. Balloon Bond does not include any Bond that otherwise would be classified hereunder as a Put Bond.

“Board” shall mean the Board of Visitors of the University or, if said Board shall be abolished, the board or body succeeding to the principal functions thereof.

“Bond Service Account” shall mean the Bond Service Account in the Sinking Fund, a special account created and designated by Section 5.7.

“Bondholder” or *“holder”* when used herein with respect to Bonds issued hereunder shall mean the holder or registered owner, as the case may be, of Bonds at the time issued and outstanding hereunder.

“Bonds” shall mean the bonds authorized under and secured by this Resolution.

“Chief Financial Officer” shall mean the University’s Executive Vice President, its Treasurer or such other officer of the University having similar duties as may be selected by the University’s President.

“Code” shall mean the Internal Revenue Code of 1986, as amended. Each citation to a Code section shall include the applicable temporary, proposed and permanent regulations, revenue rulings and revenue procedures.

“Commonwealth” shall mean the Commonwealth of Virginia.

“Construction Fund” shall mean the Virginia Polytechnic Institute and State University Athletic Facilities System Construction Fund, a special fund created and designated by Section 4.1.

“Cost,” as applied to a Project, shall embrace the cost of building, constructing, reconstructing, erecting, extending, bettering, equipping and improving a Project and all obligations and expenses and all items of cost which are set forth in Section 4.2.

“Credit Facility Agreement” shall mean an irrevocable letter of credit, insurance policy, guaranty or surety bond providing for the payment of or guarantying the payment of principal and purchase price of and interest on Bonds when due.

“Current Expenses” shall mean the Board’s reasonable and necessary current expenses of maintenance, repair and operation of the System and shall include, without limiting the generality of the foregoing, all ordinary and usual expenses of maintenance, repair and operation, which may include expenses not annually recurring, premiums for insurance, all administrative, engineering and architectural expenses relating to maintenance, repair and operation, legal expenses, any reasonable payments to pension or retirement funds, and any other expenses required or permitted to be paid by the Board under the provisions of this Resolution or by law, but shall not include any reserves for extraordinary maintenance or repair, any allowance for depreciation, or any general administrative expenses of the University not attributable to the System, or any deposits or transfers to the credit of the Sinking Fund.

“Daily Newspaper” shall mean a newspaper regularly published in the English language on at least five business days in each calendar week.

“Excluded Facilities” shall mean any Existing Facilities or Additional Facilities the revenues from which have been excluded from Revenues pursuant to the provisions of Section 7.1.

“Existing Facilities” shall mean the athletic facilities owned and/or operated by the University as of March 1, 2004, which are included in the University’s Athletic Facilities System, as identified on Exhibit A hereto.

“Fiscal Year” shall mean the period commencing on the first day of July and ending on the last day of June of the following year.

“Net Revenues” for any particular period, shall mean the amount of the excess of the total of the amounts deposited into the Revenue Fund pursuant to Section 5.3 over the total of the Current Expenses for the System during such period.

“Parity Indebtedness” shall mean any indebtedness of the University which currently exists or which may be incurred in accordance with the terms of this Resolution that is secured on a parity with the pledge of Revenues herein.

“Paying Agent” shall mean, with respect to the Bonds of each Series, the State Treasurer or one or more banks or trust companies designated in the respective Series Resolution as the place where the Bonds may be presented for payment.

“Principal and Interest Requirements” shall mean the aggregate of the principal of (whether at maturity, by mandatory redemption or mandatory prepayment or acceleration) and interest on all outstanding Bonds payable during a particular Fiscal Year; provided that the amount of such payments shall be calculated in accordance with the assumptions set forth in Section 7.16.

“Project” shall mean the building, construction, reconstruction, execution, extension, betterment, equipping and improvement of any portion of the System, including Additional Facilities, as more particularly described in each Series Resolution.

“Put Bond” shall mean any Bond that is (i) payable or required to be purchased by or on behalf of the underlying obligor, at its owner’s option, before its stated maturity date or (ii) payable or required to be purchased from the owner by or on behalf of the underlying obligor (other than at the owner’s option) before its stated maturity date.

“Redemption Account” shall mean the Redemption Account in the Sinking Fund, a special account created and designated by Section 5.7.

“Registrar” shall mean with respect to the Bonds of each Series, the State Treasurer or one or more banks or trust companies designated in the respective Series Resolution that will maintain the books for the registration and the registration of transfer or exchange for such Bonds. Unless a separate Registrar is named in a Series Resolution, the Paying Agent for such Series of Bonds shall perform the duties and obligations of the Registrar.

“Reserve Account” shall mean the Reserve Account in the Sinking Fund, a special account created and designated by Section 5.7.

“Reserve Account Credit Facility Agreement” shall mean an irrevocable letter of credit, insurance policy, guaranty or surety bond providing for the deposit of or guarantying the deposit of the Reserve Account Requirement with respect to a Series of Bonds into the Reserve Account if the moneys held to the credit of the Bond Service Account shall be insufficient for its purposes.

“Reserve Account Requirement” shall mean with respect to a Series of Bonds an amount equal to the least of (i) the maximum Principal and Interest Requirement of such Series of Bonds for any Fiscal Year; (ii) 10% of the original proceeds (excluding accrued interest) of such Series of Bonds; and (iii) 125% of the average annual Principal and Interest Requirement of such Series of Bonds.

“Resolution” shall mean this Resolution, together with any Series Resolution and all other resolutions supplemental hereto as herein permitted.

“Revenue Fund” shall mean the Virginia Polytechnic Institute and State University Athletic Facilities System Revenue Fund, a special fund created and designated by Section 5.3.

“Revenues” for any particular period, shall mean the fees, rents and charges and other revenues derived by the Board from its operation and ownership of the System during such period and deposited to the credit of the Revenue Fund pursuant to the provisions of Section 5.3, any additions to Revenues made pursuant to the provisions of Section 7.1, and any transfers to, and less any transfers from, the Revenue Fund pursuant to the provisions of Section 6.2, but shall not include (i) any moneys deposited or transferred to the credit of the Revenue Fund pursuant to the provisions of Section 5.9, or (ii) any revenues excluded from Revenues pursuant to the provisions of Section 7.1.

“Series,” whenever used herein with respect to Bonds, shall mean all of the Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction, regardless of variations in maturity, interest rate, redemption and other provisions, and any Bonds thereafter authenticated and delivered upon transfer or exchange of or in lieu of or in substitution for (but not to refund) such Bonds as herein provided.

“Series Resolution” shall mean the resolution of the Board under which Bonds of any Series are or will be issued.

“Sinking Fund” shall mean the Virginia Polytechnic Institute and State University Athletic Facilities System Sinking Fund, a special fund created and designated by Section 5.7.

“State Treasurer” shall mean the State Treasurer of the Commonwealth of Virginia.

“Subordinate Bonds” shall mean any obligations issued by the University which are payable from the Net Revenues of the System subordinate and junior to the Bonds.

“Surplus Fund” shall mean the Virginia Polytechnic Institute and State University Athletic Facilities System Surplus Fund, a special fund created and designated by Section 5.7.

“System” shall mean the Existing Facilities and Additional Facilities, but shall not include any Excluded Facilities.

“Treasury Board” shall mean the Treasury Board of the Commonwealth of Virginia.

“University” shall mean Virginia Polytechnic Institute and State University, Blacksburg, Virginia, an educational institution and a public body and governmental instrumentality for the dissemination of education, and its successor or successors.

“Variable Rate Bond” means any Bond the interest rate on which is not established at the time of incurrence at a fixed or constant rate.

Section 1.2 Rules of Construction/Use of Words and Phrases. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the word “person” shall include corporations and associations, including public bodies, as well as natural persons. Singular words shall connote the plural number as well as the singular and vice versa.

All references in the Resolution to particular Articles or Sections are references to Articles or Sections of the Resolution unless otherwise indicated.

The headings and table of contents as used in the Resolution are solely for convenience of reference and shall not constitute a part of the Resolution nor shall they affect its meaning, construction or effect.

ARTICLE II

FORM, EXECUTION, DELIVERY AND REGISTRATION OF BONDS

Section 2.1 Authorization of Bonds. For the purpose of providing funds for paying the Cost of Projects permitted under the Act, there shall be issued, under the authority of the Act, Bonds of the University subject to the conditions hereinafter provided in Section 2.10. Except as otherwise provided in this Resolution, the principal of and the interest on all Bonds issued under the provisions of this Resolution shall be payable solely from the Sinking Fund, and all of the covenants, agreements and provisions of this Resolution shall be for the benefit and security of all and singular the present and future holders of the Bonds issued and to be issued under this Resolution, without preference, priority or distinction as to lien or otherwise, except as otherwise hereinafter provided, of any one Bond over any other Bond by reason of priority in the issue, sale or negotiation thereof or otherwise.

Section 2.2 Details of Bonds. The definitive Bonds issued under the provisions of Section 2.10 shall be as permitted or required by the respective Series Resolution providing for the issuance of Bonds of any Series. All such Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

The Bonds authorized hereunder may be issued in one or more Series that may be delivered from time to time. The University shall by Series Resolution authorize such Series and shall specify the following: the authorized principal amount of such Series; the purpose for which the Bonds are being issued; the date and terms of maturity or maturities of the Bonds of such Series, or the payment of the Bonds on the demand of the holder; the interest rate or rates of the Bonds of such Series, which may include variable, adjustable, convertible or other rates, original issue discounts and zero interest rate bonds, provided that the average net interest cost rate on such Series shall never exceed for such Series the maximum interest rate permitted by law in effect at the time such Series are issued; the denominations, numbering, lettering and series designation of such Series of Bonds; the Paying Agents and Registrars and place or places of payment of such Bonds; the redemption prices for such Series of Bonds and any terms of redemption not inconsistent with the provisions of this Resolution which may include mandatory redemption at the election of the holder or registered owner thereof; the amount and date of each mandatory redemption requirement, if any, for such Series of Bonds; the use of proceeds of such Series of Bonds, including deposits required to be made into the Construction Fund and Reserve Account, if any; and any other terms or provisions applicable to the Series of Bonds, not inconsistent with the provisions of this Resolution or the Act. All of the foregoing may be added by Series Resolutions adopted at any time and from time to time prior to the issuance of such Series of Bonds.

All Bonds shall be in registered form, shall be payable in lawful money of the United States of America and shall bear interest from the date specified in the Series Resolution which shall be payable by mail or wire, as provided in the Series Resolution, to the registered owner thereof. In addition, if and to the extent permitted by applicable law, the University may issue any or all Series of Bonds as certificated registered public obligations (represented by instruments) or as uncertificated registered public obligations (not represented by instruments) commonly known as book-entry obligations, combinations thereof, or such other obligations as may then be permitted by law. The University shall establish a system of registration and shall appoint such registrars, transfer agents, depositaries or other agents as may be necessary to cause the registration, registration of transfer and reissuance of the Bonds within a commercially reasonable time according to the then current industry standards and to cause the timely payment of interest, principal and premium payable with respect to the Bonds. Any such system may be effective for any Series then outstanding or to be subsequently issued, provided that if the University adopts a system for the issuance of uncertificated registered public obligations, it may permit thereunder the conversion, at the option of a holder of any Bond then outstanding, of a certificated registered public obligation to an uncertificated registered public obligation, and the reconversion of the same.

The form of Bonds may provide that the holder of any such Bond may demand payment of principal and interest from the University within a stated period after delivering notice to a designated agent for the University and providing a copy of the notice with the tender of the Bond to such agent. The designated agent for the University, in accordance with the terms of a remarketing or replacement agreement, may provide for the resale or redelivery of the Bonds on behalf of the University at a price provided for in the agreement in lieu of payment by the University on demand. If the Bonds shall not be resold or redelivered within a stated period, the agent for the University may be authorized to draw upon a previously executed Credit Facility Agreement between the University and one or more banks or other financial or lending institutions permitting the University

to borrow interest and principal for payment upon a particular Series of Bonds to which such Credit Facility Agreement shall pertain. The particular form or forms of such demand provisions, the period or periods for payment of principal and interest after delivery of notice, the appointment of the agent for the University, the terms and provisions of the remarketing or replacement agreement, and the terms and provisions of the Credit Facility Agreement shall be as designated by a Series Resolution of the University pertaining to each Series of Bonds to which such terms and provisions are applicable, prior to the sale thereof.

Both the principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of the Bonds of each Series, shall be payable either at the principal office or offices of the Paying Agent, designated in the resolution of the Board awarding the Bonds of such Series, or at the office of the State Treasurer, in the City of Richmond, Virginia or both, as provided in the Series Resolutions. Interest on the Bonds to the respective maturities thereof shall be paid by check or draft mailed, or wire transfer made, by the Paying Agent to the registered owners thereof on the appropriate record date, as set forth in the Series Resolution.

Section 2.3 Form of Bonds. The Bonds issued hereunder shall be in the form set forth in the respective Series Resolution.

Section 2.4 Execution of Bonds. The Bonds shall be executed in the name and on behalf of the University by its President and its Executive Vice President or its Treasurer, and the official seal of the University shall be imprinted, reproduced or lithographed on the Bonds. The signatures on the Bonds may be by facsimile, but one such officer shall sign his manual signature on the Bonds unless the Registrar shall be authorized and directed to cause one of its duly authorized signatories to manually execute the Bonds. In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the University before the Bonds so signed or attested shall have been authenticated or delivered by the Registrar or issued by the University, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the University as though those who signed and attested the same had continued to be such officers of the University. Any Bond may be signed and attested on behalf of the University by such persons as at the actual date of execution of such Bond shall be the proper officers of the University although at the nominal date of such Bond any such person shall not have been such officer of the University.

Only such of the Bonds as shall bear thereon a certificate of authentication, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of the Registrar shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Resolution.

Section 2.5 Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.7 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly

executed in a form approved by the Registrar.

Whenever any Bond or Bonds shall be surrendered for registration of transfer, the University shall execute and the Registrar shall authenticate and deliver a new Bond or Bonds, of authorized denominations of the same Series, maturity, interest rate and for a like aggregate principal amount. Such transfer shall be without charge to the holder, except that the Registrar shall require the Bondholder requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Section 2.6 Exchange of Bonds. Bonds may be exchanged at the designated office of the Registrar for a like aggregate principal amount of Bonds of other authorized denominations of the same Series, maturity and interest rate. Such exchange shall be without charge to the holder, except that the Registrar shall require the Bondholder requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange.

Section 2.7 Bond Register; Notices. The Registrar will keep or cause to be kept, at its designated office sufficient books for the registration and transfer of the Bonds, which shall at all times during regular business hours be open to inspection by the University and the Paying Agent; and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register or cause to be registered, on such books, the transfer or exchange of Bonds as hereinbefore provided. Notices sent to Bondholders pursuant to this Resolution shall be sent to the addresses shown on the registration books maintained by the Registrar or such other address as may be filed with the Registrar for such purpose. All notices required to be given by mail shall be given by first class mail, postage prepaid.

In addition to the other obligations imposed on the Registrar hereunder, the Registrar shall agree to deliver upon request a list of the names and addresses of the registered owners of the Bonds, as follows:

- (a) to any Bondholder, if an Event of Default shall have occurred and be continuing;
- (b) to the State Treasurer, the Paying Agent, the University or the provider of a Reserve Account Credit Facility Agreement or Credit Facility Agreement, at any time; and
- (c) to the registered holders of 25% or more in aggregate principal amount of Bonds then outstanding, at any time.

Section 2.8 Temporary Bonds. The Bonds may be issued in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bond may be printed, lithographed or typewritten, shall be of such denomination as may be determined by the University and may contain such reference to any of the provisions of this Resolution as may be appropriate. A temporary Bond may be in the form of a single Bond payable in installments, each on the date, in the amount and at the rate of interest established for the Bonds maturing on such date. Every temporary Bond shall be executed by the University and be authenticated by the Registrar upon the

same conditions and in substantially the same manner as the definitive Bonds. If the University issues temporary Bonds it will execute and deliver definitive Bonds as promptly thereafter as practicable, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the designated office of the Registrar and the Registrar shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations of the same maturity or maturities and interest rate. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Resolution as definitive Bonds authenticated and delivered hereunder.

Section 2.9 Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the University, at the expense of the owner of said Bond, shall execute, and the Registrar shall thereupon authenticate and deliver, a new Bond of like tenor bearing a different number in exchange and substitution for the Bond so mutilated, but only upon surrender to the Registrar of the Bond so mutilated. Every mutilated Bond so surrendered to the Registrar shall be canceled by it and delivered to, or upon the order of, the University. If any Bond shall be lost, destroyed or stolen, evidence of the ownership thereof and of such loss, destruction or theft may be submitted to the University, the State Treasurer and the Registrar and, if such evidence be satisfactory to all three and indemnity satisfactory to them shall be given, the University, at the expense of the owner, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Bond of like tenor bearing a different number in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall be about to mature, instead of issuing a substitute Bond, the Paying Agent may pay the same without surrender thereof). The University may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the related expenses which may be incurred by the University, the Registrar, the State Treasurer and the Paying Agent. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the University whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Resolution with all other Bonds secured by this Resolution.

Section 2.10 Terms and Conditions for Issuance of Bonds. Bonds of the University may be issued under and secured by this Resolution, subject to the conditions hereinafter provided in this Section, from time to time for the purpose of providing funds for paying all or any part of the Cost of the System, including any Additional Facilities, or for the purpose of refunding any Bonds, or other obligations of the University or portions thereof issued to finance University athletic facilities, then outstanding.

Before any Bonds shall be issued under the provisions of this Section, the Board shall adopt a Series Resolution authorizing the issuance of such Bonds. The Bonds of each Series issued under the provisions of this Section shall be designated "Athletic Facilities System Revenue Bonds, Series ____" (with appropriate modifications designated by the University to reflect additional pledged revenues, credit enhancement, variable interest rates or the like), shall be numbered, shall be dated, shall bear interest at a rate or rates not exceeding the maximum rate then permitted by law, shall be stated to mature on the date or dates specified therein, and shall be made redeemable at such times and prices (subject to the provisions of Article III of this Resolution), all as may be provided by the

Series Resolution authorizing the issuance of such Bonds. Except as to any differences in the maturities thereof or in the rate or rates of interest or the provisions for redemption or the provisions regarding the Reserve Account, all such Bonds shall be on a parity with and shall be entitled to the same benefit and security of this Resolution. Such Bonds shall be executed in the form and manner hereinabove set forth and shall be deposited with the State Treasurer for delivery, but before Bonds shall be delivered by the State Treasurer, there shall be filed with the State Treasurer the following:

(a) a copy, certified by the Secretary of the Board, of the Series Resolution mentioned above;

(b) a copy, certified by the Secretary of the Board, of the resolution adopted by the Board awarding such Bonds, designating the Paying Agent and Registrar for such Bonds, specifying the interest rate (or method or parameters for computing such interest rate) for each of such Bonds and directing the delivery of such Bonds to or upon the order of the purchasers named therein upon payment of the specified purchase price;

(c) if the Bonds are being issued to pay the Cost of a Project, a statement, signed by the Chief Financial Officer, certifying that the Project described in the Series Resolution authorizing the issuance of such Bonds will, in his or her opinion, preserve, develop, extend or improve the System, and giving his or her estimates of:

(i) the dates on which such Project will be completed and placed in operation, and

(ii) the cost of such Project, including an amount for contingencies and financing charges and any interest during construction and, if and to the extent then permitted by law, the amount, if any, to be deposited to the credit of the Reserve Account;

(d) a certificate, signed by the Chief Financial Officer, setting forth the amount of the Net Revenues for the last complete Fiscal Year for which an annual report has been filed under Section 7.11, as shown in such report;

(e) a certificate, signed by the Chief Financial Officer, setting forth:

(i) the estimated amount of the average annual Net Revenues to be received during the three complete Fiscal Years immediately following the later of (A) the issuance of the Bonds or (B) if the Bonds are being issued to finance a Project which has not been placed in operation, the estimated date of placing the Project in operation, taking into account any change in Net Revenues as a result of the construction and acquisition of such Project or any estimated revision in fees, rents and charges for the System under the provisions of Section 5.1,

(ii) the Principal and Interest Requirements for each Fiscal Year thereafter, and

(iii) if applicable, the amount, if any, which is then available for paying a part of the Cost of the Project, and the source or sources from which such amount has been or will be received;

(f) a certificate, signed by the Chief Financial Officer, stating that the University is not then in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Resolution; and

(g) an opinion of nationally recognized bond counsel stating that the issuance of such Bonds has been duly authorized and that all conditions precedent to the delivery of such Bonds have been fulfilled.

When the documents mentioned above in this Section shall have been filed with the State Treasurer and when the Bonds described in the resolutions mentioned in clauses (a) and (b) of this Section shall have been executed as required by this Resolution, the State Treasurer shall deliver such Bonds to or upon the order of the purchasers named in the resolution mentioned in clause (b), but only upon payment to the State Treasurer of the purchase price of such Bonds. The State Treasurer shall be entitled to rely upon such resolution as to the names of the purchasers, the name of the Paying Agent and the Registrar for such Bonds, the interest rate of each of such Bonds and the amount of such purchase price, but the State Treasurer shall not deliver such Bonds unless the University shall have provided to the State Treasurer evidence that:

(i) proceeds (excluding accrued interest but including any premium) of such Bonds, together with the other funds, if any, which have been made available for such purpose as set forth in item (iii) of the certificate mentioned in clause (e) of this Section, shall be not less than the Cost of the Project, including the amount for contingencies and financing charges, any interest during construction and any amount to be deposited to the credit of the Reserve Account, as estimated by the Chief Financial Officer in the certificate mentioned in clause (c)(ii),

(ii) the percentage derived by dividing the amount shown in the certificate mentioned in clause (d) of this Section by the maximum amount of the Principal and Interest Requirements for any Fiscal Year thereafter on account of all Bonds then outstanding shall be not less 110%, and

(iii) the percentage derived by dividing the amount shown in the certificate mentioned in clause (e)(i) by the maximum amount of the Principal and Interest Requirements for any Fiscal Year thereafter on account of all Bonds then outstanding, plus the maximum annual debt service requirement for any Fiscal Year thereafter on account of Parity Indebtedness then outstanding and the Bonds then requested to be delivered as shown in item (ii) of such certificate shall be not less than 110%.

The provisions of subparagraphs (c), (d) and (e) and clauses (i), (ii) and (iii) above shall not apply to any Bonds delivered prior to June 30, 2004.

The proceeds (excluding accrued interest) of such Bonds shall be deposited to the credit of the Construction Fund and applied to the payment of the Cost of such Project, except if the Bonds or a portion thereof are being issued to reimburse the University for Costs of the Project previously incurred by the University or to refund Bonds or other University obligations then outstanding, in which case such portion of the proceeds shall be paid to or on account of the University. If such Bonds are to be secured by the Reserve Account, prior to such deposit to the Construction Fund or payment to or for the account of the University, the State Treasurer shall deduct from such proceeds and deposit to the credit of the Reserve Account the amount, if any, to be so deposited as set forth in the Series Resolution for such Bonds.

If Bonds are issued for the purpose of refunding any or all of the Bonds or other University obligations then outstanding, the requirements set forth in clauses (c), (d) and (e) of this Section 2.10 shall not apply provided that the maximum Principal and Interest Requirements in any year in which there are Bonds or such other obligations then outstanding is not increased.

The amount received as accrued interest on such Bonds shall be deposited to the credit of the Bond Service Account.

Section 2.11 Future Section 9(c) Debt. Notwithstanding any provision of this Resolution, any Credit Obligation issued by or on behalf of the University pursuant to Article X, Section 9(c) of the Constitution of Virginia that is secured by a pledge of all or any portion of the Net Revenues shall without further action (including any action required pursuant to Section 2.10) automatically be deemed to be Parity Indebtedness secured on a parity basis with all Bonds issued pursuant to this Resolution.

ARTICLE III

REDEMPTION

Section 3.1 Redemption of Bonds. The Bonds of any Series issued under the provisions of this Resolution shall be made subject to redemption, both in whole and in part and at such times and prices, as may be provided in the Series Resolution authorizing the issuance of such Bonds.

If less than all of the Bonds of any one maturity of a Series shall be called for redemption, the particular Bonds to be redeemed from such Series shall be selected in such manner as shall be provided in the Series Resolution.

Section 3.2 Redemption Notice. Notice of redemption shall be given as set forth in the Series Resolution for each Series of Bonds.

Section 3.3 Effect of Calling for Redemption. On the date so designated for redemption, notice having been published or mailed in the manner and under the conditions hereinabove provided and moneys for payment of the redemption price being held in separate

accounts by the State Treasurer or by the Paying Agents in trust for the holders of the Bonds to be redeemed, all as provided in this Resolution, the Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date, interest on the Bonds so called for redemption shall cease to accrue, such Bonds shall cease to be entitled to any benefit or security under this Resolution and the holders or registered owners of such Bonds shall have no rights with respect thereto except to receive payment of the redemption price. Bonds so redeemed shall be canceled upon surrender.

Section 3.4 Bonds Redeemed Not Deemed Outstanding. Bonds which have been duly called for redemption under the provisions of this Article, or with respect to which irrevocable instructions to call for redemption have been given by the University to the State Treasurer in form satisfactory to him or her, and for the payment of the redemption price of which moneys shall be held in separate accounts by the State Treasurer or by the Paying Agents in trust for the holders of the Bonds to be redeemed, all as provided in this Resolution, shall not thereafter be deemed to be outstanding under the provisions of this Resolution.

ARTICLE IV

CUSTODY AND APPLICATION OF PROCEEDS OF BONDS

Section 4.1 Construction Fund. A special fund is hereby created in the Office of the State Treasurer and designated "Virginia Polytechnic Institute and State University Athletic Facilities System Construction Fund" (the "Construction Fund"), to the credit of which there shall be deposited the proceeds of all Bonds required to be so deposited by the Series Resolution authorizing such Bonds. There may also be deposited to the credit of the Construction Fund any moneys received from any other source for paying the Cost of the Project described in such Series Resolution if the University shall have received an opinion of nationally recognized bond counsel that such deposit will not cause the interest on the Bonds to be includable in gross income for federal income tax purposes. The moneys in the Construction Fund shall be held in trust and applied to the payment of the Cost of such Project and, pending such application, shall be subject to a lien and charge in favor of the holders of the Bonds issued and outstanding under this Resolution and for the future security of such holders until paid out or transferred as herein provided. Separate accounts may be created in the Construction Fund to hold moneys allocable to different Projects, as may be required by the Series Resolutions.

Section 4.2 Items of Cost of Project. For the purposes of this Resolution, the Cost of each Project shall include, without intending thereby to limit or restrict or to extend any proper definition of such Cost under any applicable laws or this Resolution, any or all of the following:

(a) obligations incurred for labor and materials and to contractors, builders and materialmen in connection with the Project;

(b) the cost of acquiring by purchase, if such purchase shall be deemed expedient, and the amount of any award or final judgment in or any settlement or compromise of any

proceeding to acquire by condemnation, such lands, property, rights, rights of way, franchises, easements and other interests as may be deemed necessary or convenient by the Board for the construction and operation of the Project, options and partial payments thereon, and the amount of any damages incident to or consequent upon such construction and operation;

(c) the cost of furnishing and equipping the Project;

(d) interest on the applicable series of Bonds prior to and during construction of the Project and for one year thereafter;

(e) taxes or other municipal or governmental charges lawfully levied or assessed during construction of the Project or any property acquired therefor, and premiums on insurance, if any, in connection with the Project during construction; fees and expenses of engineers and architects for surveys and estimates and other preliminary investigations, preparation of plans, drawings and specifications and supervising construction, as well as for the performance of all other duties of engineers and architects in relation to the construction of the Project or the issuance of Bonds therefor;

(f) expenses of administration properly chargeable to the Project, legal expenses and fees, fees and expenses of consultants, financing charges (including Reserve Account Credit Facility Agreement and Credit Facility Agreement fees), cost of audits and of preparing and issuing the Bonds, and all other items of expense not elsewhere in this Section specified incident to the construction and equipping of the Project and the placing of the Project in operation; and

(g) any obligation or expenses heretofore or hereafter incurred by the University or by any other agency of the Commonwealth in connection with the Project for any of the foregoing purposes.

Section 4.3 Capitalized and Accrued Interest. If requested by the University, the State Treasurer will set aside from the proceeds of any Bonds issued under this Resolution and deposit to the credit of a separate interest account in the Construction Fund the amount of capitalized interest set forth in a certificate delivered to the State Treasurer by the Chief Financial Officer on the date the Bonds are issued. The State Treasurer, without further authority than is contained herein, shall apply the money in such interest account to the payment of interest on such Bonds at such times and in such amounts as set forth in such certificate.

Section 4.4 Payments from Construction Fund. Payment of the Cost of each Project shall be made from the Construction Fund and other available funds, all as provided by law. All payments from the Construction Fund shall be subject to the provisions and restrictions set forth in this Article, and the Board covenants that it will not cause or permit to be paid from the Construction Fund any sums except in accordance with such provisions and restrictions.

Moneys in the Construction Fund shall be paid out by the State Treasurer on warrants of the State Comptroller to be issued on vouchers of the University, all in accordance with the Act, the amounts stated in such vouchers to be necessary for paying items of Cost of each Project.

Such vouchers shall state each amount to be paid, the name of the person, firm or corporation to whom each such payment is due and the purpose for which the obligation to be paid was incurred, and shall certify that the goods or services specified have been received or performed, that payment therefor has not been previously authorized and that the expenditure is proper charge to the appropriation for the Construction Fund.

Section 4.5 Lands for Project. The Board covenants that no part of the System has been or will be constructed on lands other than lands good and marketable title to which is owned or can be acquired by the University or the Commonwealth in fee simple unless the University has a perpetual easement over the lands to be used or has acquired a lesser right or interest in such lands which the Chief Financial Officer has certified will be sufficient for the University's purposes. The University further covenants that any such land will be free from all liens, encumbrances and defects of title except liens, encumbrances or defects of title which do not have a materially adverse effect upon the University's or the Commonwealth's right to use such lands or properties for the purposes intended or which have been adequately guarded by a bond or other form of indemnity.

Section 4.6 Disposition of Balance in Construction Fund. When each Project shall have been completed and placed in operation or abandoned, as evidenced by a certificate signed by the Chief Financial Officer and filed with the Secretary of the Board and the State Treasurer and accompanied by an opinion of the Attorney General or a special Assistant Attorney General of the Commonwealth that there are no unsatisfied mechanics', laborers', contractors' or materialmen's liens against the Project or on file in any public office where the same should be filed in order to be valid liens against the Project, and that, in the opinion of the signer, the time within which such liens can be filed has expired, any balance in the Construction Fund not deemed by the Board to be necessary to be reserved for the payment of any remaining part of the Cost of the Project shall be transferred to the credit of the Redemption Account and shall be invested at a yield not to exceed the lower of (1) the yield on the Bonds from which such moneys were derived or (2) the blended yield on the Bonds, until such moneys are used to purchase or redeem the Bonds on the earliest date on which an optional redemption may be permitted.

ARTICLE V

REVENUES AND FUNDS

Section 5.1 Covenants as to Fees and Revenues. The Board covenants that it will not exclude any Revenues pursuant to Section 7.1 or reduce the fees, rents and charges for or in connection with the use, occupation or services of the System as subsequently revised pursuant to the provisions of this Section unless:

(a) prior to the time of such exclusion or reduction, all deposits shall have been made to the credit of the Sinking Fund in the preceding Fiscal Year which are required by the provisions of Section 5.7 to have been made;

(b) if any Series of Bonds are secured by the Reserve Account, the amount then on deposit to the credit of the Reserve Account shall be not less than the amount required to be on deposit therein, as set forth in the Series Resolutions; and

(c) Revenues, after taking into account such exclusion or reduction, will, in the opinion of the Chief Financial Officer, produce sufficient Revenues, with any other available funds, to permit the deposit or transfer to the credit of the Revenue Fund in the then current Fiscal Year of a sum at least equal to the total of the following:

(i) the Current Expenses (excluding any Current Expenses attributable to any facilities that would become Excluded Facilities as a result of any such exclusion of Revenues) of the System for the current Fiscal Year as shown by the Annual Budget for such Fiscal Year,

(ii) 100% of the Principal and Interest Requirements for the current Fiscal Year, on account of the Bonds of each Series then outstanding, and

(iii) 100% of the amounts required to be deposited into the Reserve Account during the current Fiscal Year, as set forth in Section 5.9 and in the Series Resolutions; and

(iv) 100% of the debt service requirements for the current Fiscal Year on account of any Parity Indebtedness and Subordinate Bonds then outstanding.

The Board further covenants that, from time to time and as often as it shall appear necessary, it will revise the fees, rents and charges as may be necessary or proper so that the moneys deposited or transferred to the credit of the Revenue Fund in each Fiscal Year from any available funds, including without limitation any transfers thereto from the Surplus Fund, will be not less than 100% of the amount referred to in clause (c)(i) above plus 110% of the total of the amounts referred to in clauses (c)(ii), (iii) and (iv) above.

Section 5.2 Use of System. Although the System currently consists of athletic facilities, the University may in its discretion use all or any portion of the System for any purpose permitted by law.

Section 5.3 Revenue Fund. A special fund is hereby created in the Office of the State Treasurer and designated "Virginia Polytechnic Institute and State University Athletic Facilities System Revenue Fund" (the "Revenue Fund"); provided, however, if the Act no longer requires that such funds be held by the Commonwealth, the Revenue Fund may be held by the University. The University covenants that all Revenues derived from the operation or ownership of the System will be credited to the Revenue Fund. All moneys in the Revenue Fund shall be held in accordance with the

Act for the benefit of the holders of the Bonds and the outstanding Parity Indebtedness and applied as hereinafter provided in this Article.

Section 5.4 Annual Inspection of System. The Board covenants that it will cause the University's Chief Financial Officer among such other duties as may be imposed upon him or her by the Board or by this Resolution, to make an inspection of the System at least once in each year and, on or before the 31st day of December in each year, to submit to the Board a report setting forth (a) his or her findings whether the System has been maintained in good repair, working order and condition and (b) his or her recommendations for the ensuing Fiscal Year as to:

- (i) the proper maintenance, repair and the operation of the System and an estimate of the amount of money necessary for such purposes,
- (ii) the insurance to be carried under the provisions of Section 7.7 of this Resolution,
- (iii) the additions, extensions, betterments, renewals and replacements which should be made, the date by which such additions, extensions, betterments, renewals and replacements should be completed, and an estimate of the amount of money necessary for such purposes, and
- (iv) any necessary or advisable revisions of the fees, rents and charges referred to in Section 5.1 of this Article or as the same may have been previously revised.

The Board further covenants that, if any such report of the University's Chief Financial Officer shall set forth that the System has not been maintained in good repair, working order and condition, it will promptly restore the System to good repair, working order and condition as soon as practicable in accordance with the recommendations of the University's Executive Vice President.

Section 5.5 Payments from Revenue Bond. The Board covenants that on or before the first day of each Fiscal Year it will prepare and adopt a budget of Current Expenses for the System for such Fiscal Year (herein sometimes called the "Annual Budget"), which shall include therein a statement, signed by the Chief Financial Officer, containing an estimate of the Revenues to be received during such Fiscal Year and a determination as to whether such Revenues will be not less than the total of the amounts referred to in the last paragraph of Section 5.1.

If for any reason the Board shall not have adopted the Annual Budget before the first day of any Fiscal Year, the budget for the preceding Fiscal Year, shall, until the adoption of the Annual Budget, be deemed to be in force and shall be treated as the Annual Budget under the provisions of this Article.

The Board may at any time adopt an amended or supplemental Annual Budget for the remainder of the then current Fiscal Year, and when so adopted the Annual Budget so amended or supplemented shall be treated as the Annual Budget under the provisions of this Article.

The Board further covenants that the amount expended for Current Expenses in any Fiscal Year will not exceed the reasonable and necessary amount thereof, and that it will not expend any amount for maintenance, repair and operation of the System in excess of the total amount provided for Current Expenses in the Annual Budget. Nothing contained in this Section shall limit the amount which the Board may expend for Current Expenses in any Fiscal Year provided any amounts expended therefor in excess of the total amount provided in the Annual Budget shall be expended from the moneys in the Surplus Fund or other moneys available for such purpose.

Section 5.6 Payments from Revenue Fund. Current Expenses of the System shall be paid from the Revenue Fund as the same shall become due and payable. Such payments shall be made by the State Treasurer on warrants of the State Comptroller to be issued on vouchers of the University, all in accordance with the Act, which vouchers shall specify the payee and the amount and particular purpose of each payment to be made and certify that the goods or services specified have been received or performed, that payment therefor has not been previously authorized and that the expenditure is a proper charge to the cited fund source for the System; provided, however, that no such payment shall be made if the amount of such payment is in excess of the unencumbered balance of the Annual Budget for the System or any amendment thereof or supplement thereto.

Section 5.7 Creation of Funds and Accounts. A special fund is hereby created in the Office of the State Treasurer and designated "Virginia Polytechnic Institute and State University Athletic Facilities System Sinking Fund" (the "Sinking Fund"). There are hereby created three separate accounts in the Sinking Fund designated "Bond Service Account," "Reserve Account" and "Redemption Account," respectively. An additional special fund is hereby created in the Office of the State Treasurer and designated "Virginia Polytechnic Institute and State University Athletic Facilities System Surplus Fund" (the "Surplus Fund"). Except as provided in Section 6.1, all such funds and accounts shall be held by the State Treasurer.

The moneys in each of such funds and accounts (other than the Surplus Fund) shall be held in trust and applied as hereinafter provided with respect to each such fund or account and, pending such application, shall be subject to a lien and charge in favor of the holders of the Bonds issued and outstanding under this Resolution and the respective Series Resolutions and for the further security of such holders until paid out or transferred as herein provided; it being understood that the Reserve Account secures only those Series of Bonds specifically secured by the Reserve Account, that the holders of the Parity Indebtedness shall have a lien on and pledge of the Net Revenues for the payment of debt service on the Parity Indebtedness on a parity with the Bondholders and that the holders of the Subordinate Bonds have a lien on and pledge of the Net Revenues subordinate and junior to the Bondholders.

The University shall direct the State Treasurer on or before July 15, 2004 and on or before the 15th day of each April, July, October and January thereafter (or more frequently, if so provided in the appropriate Series Resolution) to withdraw from the Revenue Fund an amount equal to the amount of all moneys held for the credit of the Revenue Fund on the last day of the preceding month less an amount to be held as a reserve for Current Expenses of the System not to exceed the amount shown by the Annual Budget to be necessary for Current Expenses of the System for the next three

months and deposit the sum so withdrawn to the credit of the following Accounts or Funds in the following order:

(a) to the credit of the Bond Service Account such amount thereof (or the entire sum so withdrawn if less than the required amount) as may be required to make the total amount then to the credit of the Bond Service Account equal to the amount of interest to become due and payable within the next ensuing three months with respect to the Bonds of each Series then outstanding (or a pro-rata quarterly deposit in the case of Bonds with respect to which interest is paid on an other than a quarterly basis), except any interest which the State Treasurer is required to pay from the separate interest account in the Construction Fund under the provisions of Section 4.3 or interest deposited into the Bond Service Account from the proceeds derived from the sale of any Bonds, as set forth in the last paragraph of Section 2.10, and 1/4 of the amount of principal of the Bonds of each Series then or to become due and payable (whether at maturity or upon mandatory sinking fund redemption or otherwise) within the next ensuing 12 months; and

(i) to the State Treasurer such amounts at such times as are required to pay debt service on Parity Indebtedness; and

(b) to the credit of the Reserve Account, such amount, if any, of any balance remaining after making the deposit under clause (a) above (or the entire balance if less than the required amount) as may be required to be deposited therein pursuant to Section 5.9 or the Series Resolutions.

There shall be no preference or priority between payments made pursuant to (a)(i) and (ii) above. Any balance remaining in the Revenue Fund after making the deposits under clauses (a) and (b) above shall be credited to the Surplus Fund.

On or before the 10th day prior to the date set for any optional redemption of the Bonds, the University shall cause to be deposited into the Redemption Account an amount equal to the amount required to redeem the Bonds called for redemption on such date, to the extent moneys then on deposit in the Redemption Account are insufficient therefor.

Section 5.8 Payments to Bondholders. The State Treasurer shall, during the period of five (5) days immediately preceding each interest payment date, withdraw from the separate interest account mentioned in Section 4.3 until the moneys in said account are exhausted, and thereafter from the Bond Service Account, and pay or cause the Bondholders to be paid interest on the Bonds as such interest becomes due and payable and the principal of the Bonds as such principal becomes due and payable.

Section 5.9 Reserve Account/Application of Moneys in Reserve Account. Not every Series of Bonds need be secured by the Reserve Account. Only those Series of Bonds issued under Series Resolutions which provide some mechanism for funding an amount not to exceed the Reserve Account Requirement or obtaining a Reserve Account Credit Facility Agreement will be secured by the Reserve Account. The State Treasurer shall establish separate subaccounts in the Reserve

Account for each Series of Bonds so secured. The Bondholders of such Series of Bonds will have an interest only in the subaccount created for such Series. At what time and in what manner the subaccount for a Series is funded or at what time and in what manner a Reserve Account Credit Facility Agreement will be required or will be drawn upon shall be governed by the Series Resolutions.

Moneys held for the credit of the Reserve Account shall be used for the purpose of paying the interest on and the principal of those Series of Bonds secured by the Reserve Account whenever and to the extent that the moneys held for the credit of the Bond Service Account with respect to such Series of Bonds shall be insufficient for such purpose. If the moneys in the Bond Service Account are insufficient for such purpose with respect to a Series of Bonds secured by the Reserve Account and if a Reserve Account Credit Facility Agreement exists, the State Treasurer shall take such actions as may be required to draw upon such Reserve Account Credit Facility Agreement and to deposit the proceeds into the appropriate subaccount in the Reserve Account.

Section 5.10 Application of Moneys in the Surplus Fund. Moneys held for the credit of the Surplus Fund may be used for any lawful purpose directly benefiting the University as may from time to time be determined by the Board.

Section 5.11 Application and Pledge of Moneys in Sinking Fund. Subject to the terms and conditions set forth in this Resolution, moneys held for the credit of the Bond Service Account, the Reserve Account and the Redemption Account shall be held in trust and disbursed by the State Treasurer for (a) the payment of interest on the Bonds issued hereunder as such interest becomes due and payable, or (b) the payment of the principal of such Bonds at their maturities and upon redemption and such moneys are hereby pledged to and charged with the payments mentioned in this Section.

Whenever the total of the moneys held for the credit of the Bond Service Account, the Reserve Account and the Redemption Account shall be sufficient for paying the principal of and the redemption premium, if any, and the interest accrued on all Bonds then outstanding under the provisions of this Resolution, such moneys may be applied by the State Treasurer to the redemption of such Bonds.

Section 5.12 Moneys Held in Trust. All moneys which the State Treasurer shall have withdrawn from the Sinking Fund or shall have received from any other source and set aside, or deposited with the Paying Agents, for the purpose of paying any of the Bonds hereby secured, either at the maturity thereof or upon call for redemption, shall be held in trust for the respective holders of such Bonds. Any moneys which shall be so set aside or deposited by the State Treasurer and which shall remain unclaimed by the holders of such Bonds for the period of five years after the date on which such Bonds shall have become due and payable shall be disposed of by the State Treasurer and the Paying Agents in accordance with The Uniform Disposition of Unclaimed Property Act, Chapter 11.1, Title 55, Code of Virginia of 1950, as amended.

Section 5.13 Cancellation of Bonds Upon Payment. All Bonds paid, redeemed or purchased by the University (unless purchased as an investment of the University's endowment

fund), either at or before maturity shall be canceled upon the payment, redemption or purchase of such Bonds and shall be delivered to the State Treasurer when such payment, redemption or purchase is made. All Bonds canceled under any of the provisions of this Resolution may be cremated or otherwise destroyed by the State Treasurer.

ARTICLE VI

INVESTMENT OF FUNDS

Section 6.1 Moneys Deposited in the Office of the State Treasurer. All moneys received by the University under the provisions of this Resolution shall be deposited in the Office of the State Treasurer and shall be held and applied only in accordance with the provisions of the Act and this Resolution, and shall not be subject to lien or attachment by any creditor of the University; provided, however, if the Act permits the University to hold any such moneys, such moneys may be held by the University in trust and applied only in accordance with the provisions of the Act and this Resolution, and shall not be subject to liens of or attachment by any creditor of the University.

All moneys deposited with the State Treasurer shall be credited to the particular fund or account to which such moneys belong.

Section 6.2 Investment of Moneys. Moneys held for the credit of the various funds and accounts hereunder shall be invested for such periods not to extend beyond the date such funds will be needed in any investments which are permitted for the investment of public funds under the laws of the Commonwealth.

Obligations so purchased as an investment of moneys in any such fund or account, and any interest bearing time deposits made with respect to such moneys, shall be deemed at all times to be a part of such fund or account, and the interest received thereon and any profit realized from such investment shall be credited to such fund or account, and any loss resulting from such investment shall be charged to such fund or account; provided, however, that the interest received on the investment of moneys in the Bond Service Account and the Reserve Account and any profit realized from such investment shall be credited to the Revenue Fund and any loss resulting from such investment shall be charged to the Revenue Fund. The State Treasurer shall sell at the best price obtainable or present for redemption any obligations so purchased whenever it shall be necessary so to do in order to provide moneys to meet any payment or transfer from any such fund or account. Neither the State Treasurer nor the University shall be liable or responsible for any loss resulting from any such investment.

The Sinking Fund may only be invested in investments permitted for the investment of public sinking funds.

For the purpose of determining the amount on deposit to the credit of any such fund or account, obligations in which moneys in such fund or account have been invested shall be computed at market value.

ARTICLE VII

PARTICULAR COVENANTS

Section 7.1 Payment of Principal and Interest; Pledge of Revenues; Exclusions from and Additions to Revenues. The University covenants that it will promptly pay from the sources described herein the principal of and the interest on every Bond issued under the provisions of this Resolution at the place or places, on the dates and in the manner provided herein and in said Bonds, and any premium required for the retirement of said Bonds by purchase or redemption, according to the true intent and meaning thereof. Except as otherwise provided in this Resolution or any Series Resolution, such principal, interest and premium are payable solely from Revenues, which Revenues and other moneys to the extent provided in the Resolution are hereby pledged to the payment thereof in the manner and to the extent hereinabove particularly specified.

Notwithstanding any other provision of this Resolution, but subject to the limitations described in Section 5.1, the University may at any time exclude any Revenues from the Revenues pledged hereunder by filing with the Treasury Board a written notice of such exclusion, executed by the Chief Financial Officer, describing the Revenues to be excluded and certifying that after the exclusion of such Revenues, the University will not be in default of any of its covenants under this Resolution or any Series Resolution, including without limitation the covenants relating to fees, rents, charges and revenues contained in Section 5.1. In addition, the University may at any time add to the definition of Revenues hereunder any revenues that are not then subject to the lien thereof by filing with the Treasury Board a written notice of such addition and a description of the revenues to be added.

THE UNIVERSITY SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS EXCEPT FROM THE SOURCES NOTED HEREIN OR IN ANY SERIES RESOLUTION PLEDGED THEREFOR. THE BONDS AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE COMMONWEALTH, LEGAL, MORAL OR OTHERWISE. NEITHER THE COMMONWEALTH NOR THE UNIVERSITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE SOURCES NOTED HEREIN OR IN ANY SERIES RESOLUTION PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH NOR ANY OTHER REVENUES OR FUNDS OF THE UNIVERSITY ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS OR OTHER COSTS INCIDENT THERETO.

Section 7.2 Construction of Projects. The University covenants that, in the event that Bonds shall be issued under the provisions of Section 2.10 for the purpose of providing funds for paying all or any part of the Cost of constructing any Additional Facilities, it will forthwith proceed to construct such Additional Facilities in conformity with law and all requirements of all governmental authorities having jurisdiction, and that it will complete such construction as quickly as

practicable.

Section 7.3 Architectural and Engineering Services. The University covenants that it will provide and maintain competent and adequate architectural or engineering services covering the supervision and inspection of the development and construction of any Additional Facilities and will obtain all approvals and permits required by law as a condition precedent to the construction, development and operation of any such Additional Facilities.

Section 7.4 Use and Operation of System. The University covenants that it will establish and enforce reasonable rules and regulations governing the use of the System and the operation thereof, that all conditions of employment and all compensation, salaries, fees and wages paid by it in connection with the maintenance, repair and operation of the System will be reasonable, that no more persons will be employed by it than are necessary, that all persons employed by it will be qualified for their respective positions, that it will at all times maintain the System in good repair and in sound operating condition and will make all necessary repairs, renewals and replacements, and that it will observe and perform all of the terms and conditions contained in the Act.

Section 7.5 Parity Liens; Payment of Lawful Charges. The University covenants that, except for existing Parity Indebtedness and as provided in this Resolution, it will not create or suffer to be created any lien or charge upon the System or any part thereof or upon the revenues therefrom senior to or on a parity with the lien of the holders of the Bonds (other than the security interest created in connection with a Reserve Account Credit Facility Agreement or a Credit Facility Agreement) and that, from such Revenues or other available funds, it will pay or cause to be discharged, or will make adequate provision to satisfy and discharge, within 60 days after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the System or any part thereof or the revenues therefrom; provided, however, that nothing in this Section contained shall require the University to pay or cause to be discharged, or make provision for, any such lien or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

Section 7.6 Acceptance of Other Funds Permitted. Notwithstanding any other provision of this Resolution, the University may accept from the United States of America, the Commonwealth or any of their agencies, departments or political subdivisions or any person, firm or corporation such moneys as may be offered for the purpose of paying all or any part of the Cost of constructing, acquiring, maintaining, repairing and operating the System and nothing herein shall be construed to prevent the University from depositing any funds available to the University for such purpose in the Sinking Fund for the payment of the interest on or the principal of the Bonds issued under the provisions of this Resolution so long as the "federal guarantee" provisions of Section 149(b) of the Code will not be violated by such deposit.

Section 7.7 Insurance. The University covenants that from and after the time when the contractors or any person engaged in constructing any Additional Facilities or any part thereof shall cease to be responsible, pursuant to the provisions of the respective contracts for the construction of Additional Facilities or such part, for loss or damage to such Additional Facilities or such part occurring from fire or lightning, it will insure or cause to be insured and at all times keep such

Additional Facilities or such part insured and will now and at all times keep the System insured with a responsible insurance company or companies, qualified to assume the risk thereof, against physical loss or damage caused by fire or lightning, with such exceptions as are ordinarily required by insurers of structures or facilities of similar type, in an amount not less than the aggregate principal amount of Bonds and Parity Indebtedness outstanding (unless provision for payment thereof shall have been made); provided, however, that such amount of insurance shall at all times be sufficient to comply with any legal or contractual requirement which, if breached, would result in assumption by the University of a portion of any loss or damage as a co-insurer, and such insurance may provide for the deduction from each claim for loss or damage (except in case of a total loss) of not more than 2% of the total amount of insurance required by the application of the co-insurance clause; and provided, further, that if at any time the University shall be unable to obtain such insurance to the extent above required, either as to amount of such insurance or as to the risks covered thereby or the deductible provision thereof, it will not constitute an event of default under the provisions of this Resolution if the University shall carry such insurance to the extent reasonably obtainable.

The proceeds of such insurance shall be available for, and shall to the extent necessary be applied to, the repair, replacement or reconstruction of the damaged or destroyed property. If such proceeds are more than sufficient for such purpose, the balance remaining shall be deposited to the credit of the Surplus Fund. If such proceeds, with other available funds, shall be insufficient for such purpose, such proceeds shall be deposited to the credit of the Redemption Account and used to purchase or redeem Bonds on the earliest date on which an optional redemption may be permitted, or shall be used to repair, replace or reconstruct the damaged or destroyed property, as the University by resolution may determine. If such proceeds are deposited to the Redemption Account to redeem the Bonds in part, the University shall perform an internal rate study for the System and, if the rate study shows that the Revenues (taking into account any loss of Revenues as a result of such damage or destruction) will be insufficient to deposit into the Revenue Fund the entire amount referred to in the last paragraph of Section 5.1 (taking into account the amounts on deposit in the Redemption Account), the University shall adjust its rates in the manner recommended by the rate study so that the Revenues will be sufficient to deposit into the Revenue Fund all of the amounts referred to in the last paragraph of Section 5.1.

The foregoing insurance requirements may be modified or amended if and to the extent a qualified independent insurance consultant determines that such requirements are not necessary or that the required coverage is not reasonably commercially available or if and to the extent that the laws of the Commonwealth provide for a self-insurance program and the University participates in such program.

Section 7.8 Other Insurance. To the extent not covered by Section 7.7, the University covenants that it will at all times carry or cause to be carried with a responsible insurance company or companies, qualified to assume the risks thereof, such other insurance in such amount and covering such risks with respect to the System as the University shall deem to be reasonable and desirable.

Section 7.9 Rights of Bondholders Not to Be Impaired. The University covenants that no contract or contracts will be entered into or any action taken with respect to the System which might impair or diminish in any material respect the rights of the Bondholders.

Section 7.10 Further Instruments and Actions. The University covenants that it will, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of this Resolution.

Section 7.11 Accurate Records and Accounts. The University covenants that it will keep the funds and accounts of the System separate from all other funds and accounts of the University, and that it will keep accurate records and accounts of all items of cost and of all expenditures relating to the System and of the Revenues collected and the application of such Revenues. Such records and accounts shall be open at all reasonable times to the inspection of the State Treasurer and his or her agents and representatives.

The University further covenants that it will cause to be filed not later than the end of the seventh month following the close of each Fiscal Year with the Treasury Board a report, signed by the Chief Financial Officer, setting forth for the preceding Fiscal Year:

- (a) the audited financial statements of the University as of the end of such Fiscal Year,
- (b) a certification to the effect that the University is in compliance with all financial covenants or tests as may be set forth in this Resolution, including without limitation the covenants contained in Section 5.1 regarding fees and revenues, and
- (c) such other information as may be required to ascertain whether the University met any financial covenants or tests as may be set forth in the Series Resolutions.

The University further covenants that it will cause any additional reports or any audits relating to the System to be made as required by law.

The cost of the reports referred to in this Section shall be treated as a part of the cost of operation of the System.

Section 7.12 Recognized Accounting Principles. The University covenants that all of the accounts and records of the University will be kept according to generally accepted accounting principles, consistently applied.

Section 7.13 Covenant Against Sale or Encumbrances. The University covenants that, except as in this Section, Section 7.1 or in any Series Resolution otherwise permitted, it will not sell, exchange, lease or otherwise dispose of or encumber the System or any part thereof not encumbered as of the date of this Resolution.

The University may from time to time sell, exchange, lease or otherwise dispose of any equipment, machinery, fixtures, apparatus, tools, instruments or other similar property if it determines that such articles are no longer needed or are no longer useful in connection with the

System, and the proceeds thereof shall be applied to the replacement of the properties so sold, exchanged, leased or disposed of or shall be deposited to the credit of the Surplus Fund.

In addition to any sale, exchange, lease or disposition permitted above, the University may from time to time sell, exchange, lease or otherwise dispose of any other property of the System; provided, however, if such sale, exchange, lease or disposition would result in a loss of more than 10% of the Revenues of the System, the University shall (1) cause the State Treasurer to deposit the proceeds derived from such sale, exchange, lease or disposition into the Redemption Account, to be used to redeem Bonds on the earliest date on which an optional redemption may be permitted and (2) unless the Bonds will be redeemed in full pursuant to clause (1) or this Resolution or the Bonds are otherwise defeased as provided in Article XI, perform an internal rate study for the System and, if the rate study shows that the remaining Revenues will be insufficient to deposit into the Revenue Fund the entire amount referred to in the last paragraph of Section 5.1, the University shall adjust its rates in the manner recommended by the rate study so that the Revenues will be sufficient to deposit into the Revenue Fund all of the amounts referred to in the last paragraph of Section 5.1.

Section 7.14 Payment of Interest on or Principal of Bonds from any Available Moneys.

The University covenants that if at any time the moneys held for the credit of the Bond Service Account and the Reserve Account shall be insufficient for the purpose of paying the interest on and the principal of the Bonds as such interest and principal becomes due and payable, the University will deposit to the credit of the Bond Service Account an amount sufficient, together with the amount then held for the credit of the Bond Service Account, to pay such interest and principal from any moneys available for the use of the University, including the Surplus Fund, and which are not required by law or by previous binding contract to be devoted to some other purpose.

Section 7.15 Reserved.

Section 7.16 Computation Assumptions. For purposes of construing any definitions or computing any covenants set forth in this Resolution, the following rules shall apply:

(a) The Principal and Interest Requirements on any Balloon Bond in each Fiscal Year will be assumed to be the sum of (i) the principal and interest due in that Fiscal Year (except any Fiscal Year in which more than 25% of the principal amount of the Bond is due, in which case this amount shall be zero) and (ii) the amount of principal and interest assigned to that Fiscal Year assuming that the amount of principal due in any Fiscal Year in which more than 25% of the principal amount of the Bond is due is computed on a level annual debt service schedule calculated at the interest rate on the Bond for a period of 30 years from the date of issuance.

(b) Principal and Interest Requirements on any Put Bond in each Fiscal Year will be assumed to be the sum of (i) the principal and interest due in that Fiscal Year and (ii) the amount of principal and interest determined by amortizing from its incurrence date the amount of principal that may become subject to mandatory purchase (including purchase that

may be required at the option of the owner of the Bond) in any Fiscal Year in which more than 25% of the principal amount of the Bond may be subject to such mandatory purchase on a level annual debt service schedule calculated as described in (a) above.

(c) Principal and Interest Requirements will be assumed to exclude capitalized interest on Bonds and principal of and interest on Bonds to the extent that amounts are on deposit in an irrevocable escrow or are derived from the proceeds of other Bonds (including the earnings or other increment to accrue thereon) that must be applied to pay such principal and interest and such amounts are sufficient to pay such principal and interest.

(d) The interest rate on any Variable Rate Bond will be assumed to be the average interest rate for the most recent 36-month period. However, if the Variable Rate Bond has not been outstanding for 36 months, the interest rate will be assumed to be the higher of (i) the average interest rate in effect for the 12-month period preceding the date of calculation or (ii) the interest rate in effect on the date of calculation.

(e) For any Bond for which a binding commitment, letter of credit or other credit arrangement providing for the extension of such Bond beyond its original maturity date exists, the computation of Principal and Interest Requirements will be made on the assumption that such Bond will be amortized either (i) in accordance with such credit arrangement or (ii) over a period of 30 years from its original maturity date, whichever is longer.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.1 Events of Default. Each of the following events is hereby declared to be an “Event of Default” under this Resolution:

(a) due and punctual payment of the principal and of the redemption premium, if any, of any of the Bonds is not made when the same becomes due and payable, either at maturity or by proceedings for redemption or otherwise;

(b) due and punctual payment of any installment of interest on any of the Bonds is not made when the same becomes due and payable;

(c) the University unreasonably delays or fails to carry on with reasonable dispatch the construction of any Project for which Bonds are issued under the provisions of this Resolution unless the University receives an opinion from a qualified independent feasibility consultant that such delay or abandonment is in the best interests of the Bondholders;

(d) the University, for any reason, is rendered incapable of fulfilling its obligations hereunder;

(e) final judgment for the payment of money is rendered against the University as a result of the ownership, control or operation of the System and any such judgment is not discharged within 60 days from the entry thereof or an appeal is not taken therefrom or from the order, decree or process upon which or pursuant to which such judgment has been granted or entered, in such manner as to stay the execution of or levy under such judgment, order, decree or process or the enforcement thereof;

(f) an order or decree is entered, with the consent or acquiescence of the University, appointing a receiver or receivers of the System or any part thereof or of the revenues thereof, or if such order or decree, having been entered without the consent or acquiescence of the University, is not vacated or discharged or stayed on appeal within 60 days after the entry thereof;

(g) any proceeding is instituted, with the consent or acquiescence of the University, for the purpose of effecting a composition between the University and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from Revenues; or

(h) the University defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Resolution on the part of the University to be performed, and such default continues for 30 days after written notice specifying such default and requiring same to be remedied is given to the Board by any Bondholder provided that if such default is such that it can be corrected but cannot be corrected within such 30 day period, it shall not constitute an Event of Default if corrective action is instituted by the University within such period and is diligently pursued until the default is corrected.

Section 8.2 Remedies. To the extent permitted by law, upon the happening and continuance of any Event of Default, then and in every such case any Bondholder may proceed, subject to the provisions of Section 8.5, to protect and enforce the rights of the Bondholders by a suit, action or special proceeding in equity or at law, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy as such Bondholder shall deem most effectual to protect and enforce such rights. If necessary and if not inconsistent with the terms of this Resolution or the applicable Series Resolution, the Paying Agents and the State Treasurer will make any appropriate demands upon the issuers of the Reserve Account Credit Facility Agreement or the Credit Facility Agreement.

Section 8.3 Pro Rata Application of Funds. Anything in this Resolution to the contrary notwithstanding, if at any time the moneys in the Sinking Fund shall not be sufficient to pay the interest on or the principal of the Bonds as the same shall become due and payable, such moneys,

together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied as follows:

(a) If the principal of all the Bonds shall not have become due and payable, all such moneys shall be applied

FIRST: to the payment to the persons entitled thereto of all installments of interest then due and payable in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds;

SECOND: to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due and payable (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Resolution), in the order of their due dates, with interest on the principal amount of such Bonds at the respective rates specified therein from the respective dates upon which such Bonds became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the Bonds due and payable on any particular date, together with such interest, then to the payment first of such interest, ratably, according to the amount of such interest due on such date, and then to the payment of such principal, ratably, according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference; and

THIRD: to the payment of the interest on and the principal of the Bonds, to the purchase and retirement of Bonds and to the redemption of Bonds, all in accordance with the provisions of Article V of this Resolution.

(b) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied

FIRST: to the payment to the persons entitled thereto of all installments of interest due and payable if any, in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds; and

second: to the payment of the principal of the Bonds, ratably, to the persons entitled thereto, without preference or priority of any Bond over any other Bond.

Whenever moneys are to be applied by the State Treasurer pursuant to the provisions of this Section, such moneys shall be applied by the State Treasurer at such times, and from time to time, as the State Treasurer in his or her sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; the deposit of such moneys with the Paying Agents, or otherwise setting aside such moneys, in trust for the proper purpose shall constitute proper application by the State Treasurer; and the State Treasurer shall incur no liability whatsoever to the Board, to any Bondholder or to any other persons for any delay in applying any such moneys, so long as the State Treasurer acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Resolution as may be applicable at the time of application by the State Treasurer. Whenever the State Treasurer shall exercise such discretion in applying such moneys, he or she shall fix the date (which shall be an interest payment date unless the State Treasurer shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The State Treasurer shall give such notice (or shall cause the Paying Agents to give such notice) as he or she may deem appropriate of the fixing of any such date and shall not be required to make payment to the holder of any Bond until such Bond shall be surrendered to the State Treasurer or the Paying Agents for appropriate endorsement, or for cancellation if fully paid. Nothing in this Section 8.3 shall entitle the holder of any Bond to any moneys in the Reserve Account except moneys, if any, held in the subaccount for the Series of Bonds of which his or her bond is one.

Section 8.4 Effect of Discontinuance of Proceedings. In case any proceeding taken by any Bondholder on account of any Event of Default shall have been discontinued or abandoned for any reason, then and in every such case the University and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights and remedies of the Bondholders shall continue as though no such proceedings had been taken.

Section 8.5 Proceedings for Equal Benefit of All Bondholders. No Bondholder shall have any right in any manner whatever to affect, disturb or prejudice the security of this Resolution or to enforce any right hereunder, except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Bondholders.

Section 8.6 No Remedy Exclusive. No remedy herein conferred on the Bondholders is intended to be exclusive of any other remedy or remedies, and each and every remedy conferred shall be cumulative and shall be in addition to every other remedy given hereunder and under the Act or now or hereafter existing at law or in equity or by statute.

Section 8.7 No Delay or Omission Construed to Be a Waiver. No delay or omission of any Bondholder to exercise any right or power accruing upon any Event of Default occurring and continuing as aforesaid shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Article to the Bondholders may be exercised from time to time and as often as may be deemed expedient.

ARTICLE IX

EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOF OF OWNERSHIP OF BONDS

Section 9.1 Execution of Instruments; Proof of Ownership. Any request, direction, consent or other instrument in writing required or permitted by this Resolution to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders or their attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Resolution and shall be conclusive in favor of the University and the State Treasurer with regard to any action taken by them under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership such verification or affidavit shall also constitute sufficient proof of his authority.

(b) The fact of the holding of Bonds hereunder by any Bondholder and the amount and the numbers of such Bonds and the date of its holding the same shall be proved by the registration books kept under the provisions of Section 2.7.

ARTICLE X

SUPPLEMENTAL AND SERIES RESOLUTIONS

Section 10.1 Supplemental Resolutions. The University may, from time to time and at any time, subject to approval by any person or entity then required by law to approve the issuance of bonds by the University (such as the approval of the Governor and the Treasury Board), adopt such resolutions supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental resolutions shall thereafter form a part hereof), as follows:

(a) to cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Resolution or in any supplemental resolution,

(b) to provide for the issuance of uncertificated Bonds pursuant to Section 2.2 of this Resolution, or to obtain a rating for one or more Series of the Bonds,

(c) to grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders,

(d) to add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of this Resolution other conditions, limitations and restrictions thereafter to be observed,

(e) to add to the covenants and agreements of the Board in this Resolution other covenants and agreements thereafter to be observed by the Board or to surrender any right or power herein reserved to or conferred upon the Board,

(f) to comply with any proposed, temporary or permanent regulations regarding the arbitrage rebate requirements of the Code, to comply with any other provision of the Code to maintain the tax-exempt status of interest on the Bonds, or to comply with Federal or state securities or "blue-sky" laws,

(g) to provide for the financing of any project permitted by the Act and the pledging of any revenues permitted by the Act, provided that subsequent to such financing or pledge the University shall be in compliance with all of the terms, covenants and provisions of this Resolution, or

(h) to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in this Resolution, if in the opinion of the State Treasurer, who may rely upon a written opinion of counsel nationally recognized in matters concerning municipal bonds, such supplemental resolution shall not materially adversely affect or prejudice the interests of the Bondholders.

At least 30 days prior to the adoption of any supplemental resolution for any of the purposes of this Section, the Secretary of the Board shall cause a notice of the proposed adoption of such supplemental resolution to be mailed, postage prepaid, to all registered owners of Bonds at their addresses as they appear on the registration books and all other Bondholders who shall have filed their names and addresses with the Secretary of the Board for such purpose. Such notice shall briefly set forth the nature of the proposed supplemental resolution and shall state that copies thereof are on file at the office of the Secretary of the Board for inspection by all Bondholders. A failure on the part of the Secretary of the Board to mail the notice required by this Section shall not affect the validity of such supplemental resolution.

Section 10.2 Series Resolutions. The University may from time to time adopt a Series Resolution or Resolutions in order to issue Bonds of any Series hereunder. Subject to Section 2.10, such Series Resolution shall set forth any additional terms and provisions for the Bonds of such Series to the extent not inconsistent with the provisions hereof. The consent of the holders of Bonds of any Series outstanding under this Resolution shall not be required (a) to adopt a Series Resolution providing for the issuance of Bonds of another Series or (b) for the issuance of any Subordinate Bonds.

Section 10.3 Modification of the Resolution. Subject to the terms and provisions contained in this Section, and not otherwise, the holders of not less than 2/3 in aggregate principal amount of each Series of Bonds of all Series then outstanding shall have the right, from time to time, anything contained in this Resolution to the contrary notwithstanding, to consent to and approve the adoption, subject to approval by any person or entity then required by law to approve the issuance of bonds by the University (such as the Governor and the Treasury Board), of such resolution or resolutions supplemental hereto as shall be deemed necessary or desirable by the Board for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution or in any supplemental resolution; provided, however, that nothing herein contained shall permit, or be construed as permitting without the approval of all of the Bondholders, (a) an extension of the maturity of the principal of or the interest on any Bond issued hereunder, (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, (c) except as provided herein, the creation of a lien upon or a pledge of Revenues other than the lien and pledge created by this Resolution and liens and pledges permitted by this Resolution, or (d) except as provided herein, a preference or priority of any Bond or Bonds over any other Bond or Bonds, (e) the issuance of indebtedness payable from Net Revenues senior to or on a parity with the Bonds except as provided herein, or (f) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental resolution. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the adoption of any supplemental resolution as authorized in Section 10.1.

If at any time the Board shall determine that it is necessary or desirable to adopt any supplemental resolution for any of the purposes of this Section, the Secretary of the Board shall cause notice of the proposed adoption of such supplemental resolution to be mailed, not less than 30 nor more than 60 days prior to the date of such adoption, postage prepaid, to all registered owners of the Bonds at their addresses as they appear on the registration books held by the State Treasurer or Registrars. Such notice shall briefly set forth the nature of the proposed supplemental resolution and shall state that copies thereof are on file at the office of the Secretary of the Board for inspection by all Bondholders. The Board shall not, however, be subject to any liability to any Bondholder by reason of its failure to cause the notice required by this Section to be mailed and any such failure shall not affect the validity of such supplemental resolution when consented to and approved as provided in this Section.

Whenever, at any time within one year after the date of such notice, the Board shall deliver to the State Treasurer an instrument or instruments in writing purporting to be executed by the holders of not less than 2/3 or all, as appropriate, in aggregate principal amount of the Bonds of all Series then outstanding, which instrument or instruments shall refer to the proposed supplemental resolution described in such notice and specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Board may adopt such supplemental resolution in substantially such form, without liability or responsibility to any holder of any Bond, whether or not such holder shall have consented thereto.

If the holders of not less than 2/3 or all, as appropriate, in aggregate principal amount of the Bonds of all Series outstanding at the time of the adoption of such supplemental resolution shall

have consented to and approved the adoption thereof as herein provided, no Bondholder shall have any right to object to the adoption of such supplemental resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Board from adopting the same or from taking any action pursuant to the provisions thereof.

Notwithstanding the foregoing, if any supplemental resolution described in this Section affects the holders of less than all of the Series of Bonds outstanding under this Resolution, only the holders of the Bonds of the Series affected by such supplemental resolution need give their approval, as set forth herein.

Upon the adoption of any supplemental resolution pursuant to the provisions of this Section, this Resolution shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the University, the Board, the State Treasurer and all holders of Bonds then outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Resolution as so modified and amended.

Section 10.4 Supplemental Resolutions Part of This Resolution. Any supplemental resolution adopted in accordance with the provisions of this Article and approved by the Governor and the Treasury Board shall thereafter form a part of this Resolution, and all of the terms and conditions contained in any such supplemental resolution as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Resolution for any and all purposes. In case of the adoption and approval of any supplemental resolution, express reference may be made thereto in the text of any Bonds issued thereafter, if deemed necessary or desirable by the Board.

ARTICLE XI

DEFEASANCE

Section 11.1 Defeasance. If, when the Bonds of any Series secured hereby shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call such Bonds for redemption shall have been given by the Board to the State Treasurer, the whole amount of the principal, premium, if any, and the interest so due and payable upon all of such Bonds then outstanding shall be paid or sufficient moneys, or direct obligations of the United States of America or securities unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, the principal of and the interest on which when due upon maturity or the earliest redemption date (if such obligations are subject to redemption prior to maturity) will provide sufficient moneys, shall be held by the State Treasurer or the Paying Agents for such purpose under the provisions of this Resolution and the Series Resolution under which such Bonds were issued, and provision shall also be made for paying all other sums payable hereunder by the Board, then and in that case the right, title and interest of the holders of such Bonds in the revenues, funds and accounts mentioned in this Resolution shall thereupon cease, determine and become void. If all the Bonds of all Series issued hereunder shall have been paid or provided for, the Board in such case, shall repeal and cancel this Resolution and may apply any

surplus in any account in the Sinking Fund and all balances remaining in any other funds or accounts (other than moneys held for the redemption or payment of Bonds or funds representing any Rebate Amount to be paid to the United States of America) to any lawful purpose of the University as the Board shall determine; otherwise this Resolution shall be, continue and remain in full force and effect; provided, however, that in the event direct obligations of the United States of America or securities unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, shall be deposited with and held by the State Treasurer or the Paying Agents as hereinabove provided, and in addition to the requirements set forth in Article III of this Resolution, the State Treasurer shall within 30 days after such obligations shall have been deposited with it cause a notice signed by the State Treasurer to be published once in a Daily Newspaper of general circulation published in the City of Richmond, Virginia, and in a Daily Newspaper of general circulation or a financial journal published in the Borough of Manhattan, City and State of New York and to be mailed to each Bondholder at its address as set forth in the registration books held by the State Treasurer or the Registrars setting forth (a) the date designated for the redemption of the Bonds, (b) a description of the obligations so held by it, (c) that this Resolution has been repealed and canceled in accordance with the provisions of this Section and (d) whether the University has retained the right to call the Bonds for redemption prior to their maturity.

All moneys and obligations held by the State Treasurer or the Paying Agents pursuant to this Section shall be held in trust and the principal and interest of said obligations when received, and said moneys, applied to the payment, when due, of the principal and the interest and the premium, if any, of the Bonds at maturity or upon their redemption date if so called for redemption.

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 12.1 Effect of Covenants. All covenants, stipulations, obligations and agreements of the University and the Board contained in this Resolution shall be deemed to be covenants, stipulations, obligations and agreements of the University and the Board to the full extent authorized by the Act or permitted by the Constitution of Virginia. All such covenants, stipulations, obligations and agreements shall be binding upon the successor or successors thereof from time to time and upon any officer, board, body or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

No covenant, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future director, member, agent or employee of the University or the Board in his or her individual capacity, and neither the Governor, the State Treasurer nor the members of the Board, the Treasury Board or of any other agency of the Commonwealth nor any officer thereof or of the University, present or future, executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 12.2 Successor Paying Agents or Registrars. Any bank or trust company with or into which any Paying Agent or Registrar may be merged or consolidated, or to which the assets and

business of such Paying Agent or Registrar may be sold, shall be deemed the successor such Paying Agent or Registrar for the purposes of this Resolution. If the position of any Paying Agent or Registrar shall become vacant for any reason, the University shall, within 30 days thereafter, appoint a bank or trust company to fill such vacancy; provided, however, that if the Board shall fail to appoint such Paying Agent or Registrar within said period, the State Treasurer shall make such appointment.

Section 12.3 Manner of Giving Notice. Any notice, demand, direction, request or other instrument authorized or required by this Resolution to be given or to be filed with the University or the State Treasurer shall be deemed to have been sufficiently given or filed for all purposes of this Resolution if and when sent by registered mail, return receipt requested:

(a) to the University, if addressed to the Board of Visitors of Virginia Polytechnic Institute and State University, 210B Burrus Hall, Blacksburg, Virginia 24061 Attention: Executive Vice President; and

(b) to the State Treasurer, if addressed to the State Treasurer of the Commonwealth of Virginia, 101 North 14th Street, Richmond, Virginia 23215.

Section 12.4 Alternative Notice. If, because of the temporary or permanent suspension of publication of any newspaper or financial journal or suspension of the mails or for any other reason, the University, the Board or the State Treasurer shall be unable to give any notice required to be published or mailed by the provisions of this Resolution, the University, the Board or the State Treasurer, as the case may be, shall give such notice in such other manner as in the judgment of the Board or the State Treasurer shall most effectively approximate such publication thereof, and the giving of such notice in such manner shall for all purposes of this Resolution be deemed to be compliance with the requirement for the publication thereof.

Section 12.5 Effect of Partial Invalidity. In case any one or more of the provisions of this Resolution or of the Bonds issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Resolution or of said Bonds, but this Resolution and said Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the Bonds or in this Resolution shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the University to the full extent.

Section 12.6 Governing Law. This Resolution is adopted with the intent that the laws of the Commonwealth shall govern its construction.

Section 12.7 Certified Copies. The Secretary of the Board is hereby authorized and directed to file a certified copy of this Resolution with the Governor and the Treasury Board.

RECOMMENDATION:

That the above Athletic Facilities System Resolution identifying the President, the Executive Vice President and University Treasurer as authorized officers to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the sale of the bonds be approved.

March 29, 2004

**VIRGINIA POLYTECHNIC INSTITUTE
AND STATE UNIVERSITY**

SERIES RESOLUTION

**AUTHORIZING AND SECURING
ATHLETIC FACILITIES SYSTEM AND
GENERAL REVENUE PLEDGE BONDS, SERIES 2004D**

ADOPTED ON MARCH 29, 2004

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Exhibit A - Form of Bonds

A SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY ATHLETIC FACILITIES SYSTEM AND GENERAL REVENUE PLEDGE BONDS, SERIES 2004D, TO PAY A PORTION OF THE COST OF CONSTRUCTING AND EQUIPPING OF THE LANE STADIUM WEST SIDE EXPANSION AND TO REFUND CERTAIN EXISTING REVENUE BONDS; PLEDGING TO THE PAYMENT OF THE PRINCIPAL OF AND THE INTEREST ON SUCH BONDS CERTAIN GENERAL REVENUES AND THE NET REVENUES OF THE UNIVERSITY'S ATHLETIC FACILITIES SYSTEM AS PROVIDED HEREIN; AWARDING THE BONDS; APPOINTING THE PAYING AGENT.

RECITALS

A. By Chapter 11, Title 23, Code of Virginia of 1950, as amended, there is created a corporation under the name and style of the Virginia Polytechnic Institute and State University (the "University"), which is governed by a Board of Visitors (the "Board"), which is vested with the supervision, management and control of the University.

B. By Chapter 3, Title 23, Code of Virginia of 1950, as amended (the "Act"), the University is classified as an educational institution, is declared to be a public body and is constituted a governmental instrumentality for the dissemination of education.

C. On the date hereof the Board adopted a resolution providing for the issuance of athletic facilities system revenue bonds pursuant to the Act (the "Master Resolution").

D. The Board has heretofore determined to construct and equip an expansion of and renovation to the University's Lane Stadium (the "Project"), which will become a part of the University's Athletic Facilities System (the "System").

E. The Board has determined that the Project may be financed under the Act.

F. The Board has determined to refund certain of the University's General Revenue Pledge Bonds, Series 1996A (the "Series 1996 Bonds"), which financed athletic facilities that are a part of the System, issued pursuant to a resolution adopted by the Board on August 26, 1996.

G. For the purpose of providing funds to finance a portion of the costs of the Project, refunding certain of the Series 1996 Bonds which financed athletic facilities and costs incurred in connection with the issuance thereof, the Board has determined to issue athletic facilities system and general revenue pledge bonds of the University (the "Bonds") under the Master Resolution pursuant to this Series Resolution.

H. The Board has ascertained (a) the estimated annual revenues to be derived by the University from its operation and ownership of the System based on the fees, rents and charges to be fixed, charged and collected for or in connection with the use, occupation or services of the facilities comprising the System, and (b) the estimated annual expenses of maintaining, repairing and operating the System, and has determined that sufficient revenues will be derived from its operation

and ownership of the System, after the payment of such expenses of maintenance, repair and operation to pay the principal of and the interest on the bonds hereinafter authorized to be issued under this Series Resolution and to meet other requirements of this Series Resolution and the Master Resolution.

I. The Board has determined that the Bonds will also be secured by a pledge of certain general revenues of the University as contemplated by the Act and as more particularly described herein.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF VISITORS OF VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY:

ARTICLE I DEFINITIONS

Section 1.1 Definitions. Unless otherwise required by the context, all terms used herein which are defined in the Master Resolution shall have the meanings assigned to them therein. These additional terms shall have the following meanings:

“Balloon Credit Obligation” means any Credit Obligation, 25% or more of the original principal amount of which matures during any consecutive twelve-month period, if such maturing principal amount is not required to be amortized below such percentage by mandatory redemption or prepayment before such twelve-month period. Balloon Credit Obligation does not include any Credit Obligation that otherwise would be classified hereunder as a Put Credit Obligation.

“Bond Counsel” means a firm of nationally recognized municipal bond counsel.

“Bonds” means the University’s Athletic Facilities System and General Revenue Pledge Bonds, Series 2004D, issued pursuant to this Series Resolution under the Master Resolution.

“Business Day” means any day other than a Saturday, Sunday or a day on which banking institutions are authorized or obligated by law to close in the Commonwealth or at the place where the principal corporate trust office of the Paying Agent is located.

“Credit Obligation” of the University means any indebtedness incurred or assumed by the University for borrowed money and any other financing obligation of the University that, in accordance with generally accepted accounting principles consistently applied, is shown on the liability side of a balance sheet; provided, however, that Credit Obligation shall not include any portion of any capitalized lease payment or obligation of the University under the Virginia College Building Authority’s Pooled Loan Program directly appropriated from general funds of the Commonwealth or reasonably expected to be so appropriated as certified by the Chief Financial Officer, but only to the extent such appropriation is restricted by the Commonwealth to the payment of any such obligation; and provided further that the term Credit Obligation shall be construed in accordance with the assumptions set forth in Section 4.3.

“Escrow Agent” means the Escrow Agent, as selected by the University’s Executive Vice President or the University’s Treasurer prior to the issuance of the Bonds, serving under the Escrow Deposit Agreement.

“Escrow Deposit Agreement” means the Escrow Deposit Agreement, dated as of May 1, 2004, among the University, the State Treasurer, as paying agent for the Series 1996 Bonds, and the Escrow Agent, including all amendments or supplements thereto as therein permitted.

“Escrow Fund” means the Escrow Account created pursuant to the Escrow Deposit Agreement securing the refunded Series 1996 Bonds.

“General Revenues” means, without limitation, the University’s total gross university sponsored overhead, unrestricted endowment income, tuition and fees, indirect cost recoveries, auxiliary enterprise revenues, general and nongeneral fund appropriations and other revenues not required by law to be used for another purpose.

“Guaranty” means any obligation of the University guaranteeing any indebtedness of another person in any manner, whether directly or indirectly, including but not limited to obligations, contingent or otherwise (i) to purchase such indebtedness or any property constituting security for it, (ii) to advance or supply funds (1) for the purchase or payment of such indebtedness or (2) to maintain working capital or other balance sheet condition, (iii) to purchase securities or other property or services primarily to assure the owner of such indebtedness of the primary obligor’s ability to make payment of the indebtedness, or (iv) otherwise to assure the owner of such indebtedness against loss in respect thereof.

“Interest Payment Date” means December 1, 2004 and each June 1 and December 1 thereafter (unless such date is not a Business Day, in which event payment of interest shall be made on the next succeeding Business Day).

“Master Resolution” means that Resolution providing for the issuance of athletic facilities system revenue bonds, adopted by the Board on March 29, 2004, as it may be supplemented and amended.

“Maximum Annual Debt Service” means the aggregate of the principal of (whether at maturity, by mandatory redemption or mandatory prepayment or acceleration) and interest on all outstanding Credit Obligations of the University payable during a particular Fiscal Year; provided that the amount of such payments shall be calculated in accordance with the assumptions set forth in Section 4.3.

“Paying Agent” means the State Treasurer or a commercial bank or trust company having a combined capital and surplus of not less than \$50,000,000, and any successors to its duties hereunder, as selected by the University’s Executive Vice President or the University’s Treasurer prior to the issuance of the Bonds.

“Pledged General Revenues” means any or all of the General Revenues of the University which are not required by law or by binding contract entered into on or prior to the date of issuance

of the Bonds to be devoted to some other purpose, including any General Revenues added to Pledged General Revenues pursuant to Section 4.2, but not including any General Revenues excluded from Pledged General Revenues pursuant to Section 4.2.

“Project” means any facilities financed with the proceeds of the Bonds, including the Lane Stadium West Side Expansion, and the athletic facilities financed with proceeds of the Series 1996 Bonds.

“Put Credit Obligation” means any Credit Obligation that is (i) payable or required to be purchased by or on behalf of the underlying obligor, at its owner’s option, before its stated maturity date or (ii) payable or required to be purchased from the owner by or on behalf of the underlying obligor (other than at the owner’s option) before its stated maturity date.

“Rating Agency” mean Moody’s Investors Service, Inc. and/or Standard & Poor’s Ratings Group, a division of The McGraw-Hill Companies, if either or both of such ratings agencies has provided a rating for the Bonds.

“Record Date” means the 15th day of the month preceding each Interest Payment Date, whether or not such 15th day is a Business Day.

“Resolution” means the Master Resolution, as supplemented by this Series Resolution, together with all supplements and amendments thereto.

“Securities Depository” means The Depository Trust Company, a limited purpose trust corporation organized and existing under the laws of the State of New York, and any other securities depository for the Bonds appointed pursuant to Section 2.7.

“Series Resolution” means this Series Resolution, together with all supplements and amendments hereto.

“Series 1996 Bonds” means the Series 1996 Bonds described in paragraph F of the Recitals for this Series Resolution.

“Underwriters” means Morgan Keegan & Company, Morgan Stanley & Co. Incorporated and Davenport & Company, LLC.

“Variable Rate Credit Obligation” means any Credit Obligation the interest rate on which is not established at the time of incurrence at a fixed or constant rate.

ARTICLE II
FORM, EXECUTION, DELIVERY,
REGISTRATION AND PAYMENT OF BONDS; TAX COVENANTS

Section 2.1 Form of Bonds. The Bonds issued under the provisions of Section 2.2 shall be substantially in the form set forth in Exhibit A attached hereto, with such appropriate variations, omissions or insertions as are permitted or required by the Resolution.

Section 2.2 Issuance of Bonds. There shall be initially issued under and secured by the Resolution, Bonds of the University in the aggregate principal amount of \$59,835,000 for the purpose of providing funds to finance a portion of the Cost of the Project and to advance refund certain Series 1996 Bonds. The Bonds shall be designated “Virginia Polytechnic Institute and State University Athletic Facilities System and General Revenue Pledge Bonds, Series 2004D”, shall be dated as of May 1, 2004, shall be numbered R-1 and up, shall be issued in denominations of \$5,000 or whole multiples of \$5,000 and shall mature on June 1 in such amounts and in such years as will be determined by the University’s Executive Vice President or the University’s Treasurer prior to the issuance of the Bonds. The Bonds shall bear interest at the rate or rates to be approved by the University’s Executive Vice President or the University’s Treasurer, with a true interest cost not to exceed 6.0% per annum. The execution of the Bonds by the University’s Executive Vice President or the University’s Treasurer shall be conclusive evidence of his approval of the maturity schedule (including any mandatory sinking fund redemption schedule) and the rate or rates payable on the Bonds.

Interest on the Bonds shall be payable on each Interest Payment Date. Each Bond shall bear interest from the Interest Payment Date next preceding the date on which it is authenticated, unless any Bond is (a) authenticated before the first Interest Payment Date following the initial delivery of the Bonds, in which case it shall bear interest from May 1, 2004 or (b) authenticated upon an Interest Payment Date, in which case it shall bear interest from such Interest Payment Date; provided, however, that if at the time of authentication of any Bond interest is in default, such Bond shall bear interest from the date to which interest has been paid.

Section 2.3 Computation of Interest. Interest on the Bonds shall be computed on the basis of a 360-day year of twelve 30-day months and shall be payable on each Interest Payment Date or other date fixed for the redemption or maturity of the Bonds.

Section 2.4 Payment of Interest on and Principal of Bonds. Principal of and premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America, but only from the revenues lawfully available therefor pursuant to the Act and pledged to the payment thereof as hereinafter provided. Principal of and premium, if any, on the Bonds shall be payable upon presentation and surrender of the Bonds as they become due at the office of the Paying Agent. Interest on Bonds shall be payable to the registered owners of Bonds by check or draft mailed to such owners at their addresses as they appear on registration books kept by the bond registrar on the 15th day of the month preceding the applicable Interest Payment Date.

Section 2.5 Determination of Payments Due; Transmittal of Payments by the State Treasurer. Not less than 20 Business Days preceding any Interest Payment Date or date on which principal of the Bonds comes due, whether by redemption or maturity, the Paying Agent shall give notice to the State Treasurer, Commonwealth of Virginia, 101 North 14th Street, Richmond, Virginia 23215, of the amount required to pay principal of, redemption premium, if any, and interest on the Bonds then coming due. Not less than 17 Business Days preceding any Interest Payment Date or date on which principal of the Bonds comes due, whether by redemption or maturity, the State Treasurer shall determine whether there are sufficient amounts available in the Bond Service Account allocable to the Bonds and the Redemption Account (if applicable) (together, such sources of money are referred to as the "Sinking Fund Moneys Available for Payment") to pay the principal of, redemption premium, if any, and interest on the Bonds then coming due. If such Sinking Fund Moneys Available for Payment are determined by the State Treasurer to be insufficient to make such payment then coming due on the Bonds, within one Business Day thereafter the State Treasurer shall notify the University of that fact and the amount of the deficiency. After receipt of such notice, the University, by no later than 15 Business Days prior to the due date of such payment on the Bonds, shall make available to the State Treasurer from Revenues or from Pledged General Revenues or other available moneys referred to in Section 7.14 of the Master Resolution an amount, which when added to the Sinking Fund Moneys Available for Payment, will be sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds then coming due. The State Treasurer shall wire transfer such amount then coming due on the Bonds from Revenues or other moneys made available by the University to such other Paying Agent, if any, not later than 10:00 a.m., New York time, on the date such sums are due to pay principal of, redemption premium, if any, or interest on the Bonds.

Section 2.6 Application of Proceeds of Bonds. The State Treasurer shall apply the proceeds from the sale of the Bonds as follows:

- (a) an amount equal to the accrued interest on the Bonds from their dated date through their issuance date shall be deposited into the Bond Service Account;
- (b) the amount specified in the Escrow Deposit Agreement shall be deposited into the Escrow Fund, to be used to defease and refund the Series 1996 Bonds identified in the Escrow Deposit Agreement;
- (c) the remainder shall be deposited into the Construction Fund to be used in accordance with the Master Resolution to pay the Cost of the Project, certain interest on the Bonds and the costs of issuing the Bonds.

Section 2.7 Book Entry Provisions. The provisions of this Section 2.7 shall apply to the Bonds so long as all of the Bonds shall be maintained in book-entry form with a Securities Depository, any other provisions of this Resolution to the contrary notwithstanding.

- (a) The principal or redemption price of and interest on the Bonds shall be payable to the Securities Depository, or registered assigns, as the registered owner of the Bonds, in same day funds on each date on which the principal of, and premium, if any, or interest on the Bonds is due as set forth in this Resolution and in the Bonds. Such payments shall be made to the offices of the

Securities Depository specified by the Securities Depository to the University and Paying Agent in writing. Without notice to or the consent of the beneficial owners of the Bonds, the University and the Securities Depository may agree in writing to make payments of principal and interest in a manner different from that set out herein. If such different manner of payment is agreed upon, the University shall give the Paying Agent notice thereof, and the Paying Agent shall make payments as if set forth herein. Neither the University nor the Paying Agent shall have any obligation with respect to the transfer or crediting of the appropriate principal, premium, if any, and interest payments to participants of the Securities Depository or the beneficial owners of the Bonds or their nominees.

(b) The Paying Agent may replace any Securities Depository as the depository for the Bonds with another qualified securities depository or discontinue the maintenance of the Bonds in book-entry form at any time if the Paying Agent or the University determines to do so. Notice of any determination above shall be given to such Securities Depository at least 30 days prior to any such discontinuation (or such fewer number of days as shall be acceptable to such Securities Depository). The Paying Agent may undertake to locate a qualified replacement Securities Depository and/or may discontinue the book-entry system of evidencing ownership of the Bonds.

(c) If the Paying Agent discontinues the maintenance of the Bonds in book-entry form, the University will issue replacement Bonds directly to the participants in the former Securities Depository or, to the extent requested by any such participant, to the beneficial owners of Bonds as further described in this Section. The Paying Agent shall notify participants and the beneficial owners of the Bonds, by mailing an appropriate notice to the Securities Depository, or by other means deemed appropriate to the Securities Depository, or by other means deemed appropriate by the Paying Agent, that the University will issue replacement Bonds directly to the participants shown on the records of the Securities Depository or, to the extent requested by any participant, to beneficial owners of Bonds shown on the records of such participant, as of a date set forth in such notice, which shall be a date at least 10 days after receipt of such notice by the Securities Depository (or such fewer number of days as shall be acceptable to the Securities Depository).

In the event that replacement Bonds are to be issued to participants in the Securities Depository or to beneficial owners of the Bonds, the University shall promptly have prepared replacement Bonds registered in the names of the participants as shown on the records of the former Securities Depository or, to the extent requested by any participant, in the names of the beneficial owners of Bonds shown on the records of such participant, as of the date set forth in the notice delivered in accordance with the immediately preceding paragraph. Replacement Bonds issued to participants in the Securities Depository or to beneficial owners shall be in fully registered form substantially in the form of Exhibit A. The form set forth in Exhibit A may be modified to include any variations, omissions or insertions that are necessary or desirable in the delivery of replacement certificates in printed form. In delivering replacement certificates, the Paying Agent shall be entitled to rely, without independent investigation, on the records of the former Securities Depository as to its participants and the records of the participants acting on behalf of the beneficial owners. The Bonds will thereafter be registrable and exchangeable as set forth in the Master Resolution.

(d) So long as there is a Securities Depository for the Bonds, (1) such Securities Depository shall be the registered owner of the Bonds, (2) transfers of ownership and exchanges

shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by such Securities Depository and its participants, and (3) references in this Resolution to Bondholders, holders or registered owners of the Bonds shall mean the Securities Depository and shall not mean the beneficial owners of the Bonds.

(e) If the Paying Agent replaces any Securities Depository as the depository for the Bonds with another qualified Securities Depository, Replacement Bonds issued to such replacement Securities Depository shall have the same terms, form and content as the Bonds initially registered in the name of the predecessor Securities Depository or its nominee except for the name of the registered owner.

(f) Each Securities Depository and the participants thereof and the beneficial owners of the Bonds, by their acceptance of the Bonds, agree that the University and the Paying Agent shall have no liability or responsibility with respect to (1) the accuracy of any records maintained by such Securities Depository or any Securities Depository participant; (2) the payment by such Securities Depository to any Securities Depository participant or by any Securities Depository participant to any beneficial owner of any amount due in respect of the principal of and premium, if any, and interest on the Bonds; (3) the delivery or timeliness of delivery by such Securities Depository to any Securities Depository participant or by any Securities Depository participant to any beneficial owner of any notice which is given to Bondholders; (4) the selection of the beneficial owners to receive payment in the event of any partial redemption of the Bonds; or (5) any consent given or other action taken by such Securities Depository or any nominee of such Securities Depository, as Bondholder.

Section 2.8 Tax Covenants. (a) The University shall not use or permit the use of any proceeds of Bonds or any other funds of the University directly or indirectly, to acquire any securities or obligation, and shall not use or permit the use of any amounts received by the University or State Treasurer with respect to the Bonds in any manner, and shall not take or permit to be taken any other action or actions, which would cause any Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code. If at any time the University is of the opinion that for purposes of this subsection it is necessary to restrict or limit the yield on the investment of any moneys held by the State Treasurer under this Resolution the University shall so instruct the State Treasurer in writing, and the State Treasurer shall take such action as may be necessary in accordance with such instructions.

(b) The University shall not use or permit the use of any proceeds of Bonds or any other funds of the University, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would result in any of the Bonds being treated as an obligation not described in Section 103(a) of the Code by reason of classification of such Bond as a “private activity bond,” an “arbitrage bond” or “bond not in registered form” within the meaning of Section 103(b) of the Code.

(c) The University shall at all times do and perform all acts and things permitted by law and this Resolution which are necessary or desirable in order to assure that interest paid on the Bonds or any of them will be excludable from gross income for federal income tax purposes and shall take no action that would result in such interest not being excludable from gross income for federal income tax purposes.

(d) The University covenants that no more than 10% of the leasable space in the Project will be leased to or used exclusively by a private entity nor will more than 10% of the revenues to be derived from the Project be payable, directly or indirectly, by a private entity.

(e) The University covenants that it shall file the information reports with respect to the Bonds required by Section 149(e) of the Code within the time periods provided in such Section.

(f) The University represents that the Bonds are not and will not be “federally guaranteed,” as such term is used in Section 49(b) of the Code.

Section 2.9 Arbitrage Rebate. The University, at its expense, shall take all steps necessary to cause the requirements of Section 148 of the Code to be complied with, including but not limited to all reporting and rebate requirements. Without limiting the generality of the foregoing the University, at its sole expense, shall: (i) pay the amount required to be paid to the United States of America in accordance with the rebate requirement described in Section 148(f) of the Code (the “Rebate Amount”); (ii) determine the Rebate Amount for each bond year and upon payment in full of all amounts due under any Series of Bonds; (iii) retain records of all such determinations until six years after payment in full of all amounts due under the Bonds; and (iv) comply with any similar requirements contained in any temporary, proposed or permanent regulations of the Internal Revenue Service adopted with respect to Section 148(f) of the Code.

Notwithstanding anything to the contrary in this Resolution, no payment shall be made by the University or the State Treasurer to the United States of America if the University obtains an opinion of nationally recognized bond counsel to the effect that such payment is not required under Section 148 of the Code in order to prevent the Bonds from becoming “arbitrage bonds.”

ARTICLE III REDEMPTION OF BONDS

Section 3.1 Redemption of Bonds. (a) The Bonds issued under the provisions of this Series Resolution shall not be subject to prior redemption except as provided in this Article III and as set forth in the form of the Bonds contained in Exhibit A. If less than all of the Bonds shall be called for redemption, the Bonds to be redeemed shall be selected by the University.

(b) The Bonds shall be subject to optional and mandatory redemption as set forth in the form of the Bonds contained in Exhibit A. The Bonds that may be subject to optional redemption, the redemption premiums, if any, due upon an optional redemption and the mandatory sinking fund redemption schedule, if any, shall be as approved by the University’s Executive Vice President or the University’s Treasurer prior to the issuance of the Bonds. The execution of the Bonds by the University’s Executive Vice President or the University’s Treasurer shall be conclusive evidence of his approval of such matters.

(c) At its option, to be exercised on or before the fortieth day next preceding any applicable sinking fund redemption date, the University may receive a credit against its mandatory

sinking fund redemption obligation for the Bonds which prior to such date have been purchased by the University and presented to the Paying Agent for cancellation or redeemed (otherwise than through the operation of the sinking fund) and canceled by the Paying Agent and, in either case, not theretofore applied as a credit against any sinking fund redemption obligation.

Each Bond so purchased, delivered or previously redeemed shall be credited by the Paying Agent at 100% of the principal amount thereof against the obligation of the University on such sinking fund redemption date to redeem Bonds. Any excess over such obligation shall be credited against applicable future sinking fund redemption obligations, or deposits with respect thereto, in such order of maturity as shall be determined by the University, and the principal amount of such Bonds to be redeemed by operation of the sinking fund shall be accordingly reduced.

Section 3.2 Notice of Redemption. (a) Whenever Bonds are to be redeemed under the provisions of the Resolution, the Paying Agent shall, not less than 30 nor more than 60 days prior to the redemption date, mail notice of redemption to all registered owners of all Bonds to be redeemed at their registered addresses. The Paying Agent shall also mail a copy of any such notice of redemption to any Rating Agency. Any such notice of redemption shall be given in the name of the University, shall identify the Bonds to be redeemed, shall specify the redemption date and the redemption price, and shall state that on the redemption date the Bonds called for redemption will be payable at the office of the Paying Agent and that from that date interest will cease to accrue. The Paying Agent may use "CUSIP" numbers in notices of redemption as a convenience to Bondholders, provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of redemption.

If at the time of mailing of notice of any optional redemption the University shall not have caused to be deposited with the Paying Agent moneys sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional in that it is subject to the deposit of the redemption moneys with the Paying Agent not later than the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

ARTICLE IV GENERAL REVENUE PLEDGE

Section 4.1 Pledge of Pledged General Revenues. In addition to the pledge of Revenues securing the Bonds, the University hereby pledges its Pledged General Revenues to the payment of the principal, interest and premium on the Bonds.

Section 4.2 Parity Indebtedness; Additions to and Exclusions From the Pledged General Revenues. (a) Except as provided in this Section, nothing in this Resolution shall be construed as prohibiting or limiting in any way the right of the University to incur or issue other Credit Obligations, whether secured or unsecured and whether payable from General Revenues or otherwise, or to pledge for the payment thereof any General Revenues, including Pledged General Revenues, or other funds, revenues or receipts of the University. Any such pledge of General Revenues shall rank on a parity with the pledge of Pledged General Revenues herein, unless expressly subordinated to the pledge hereof. Notwithstanding anything herein to the contrary, the

pledge of Pledged General Revenues securing the Bonds shall be on a parity with the pledge of Pledged General Revenues securing any other Credit Obligations of the University issued on the same date the Bonds are issued.

(b) The University may issue indebtedness secured by a pledge of specified General Revenues, which General Revenues so pledged shall no longer be deemed a part of the Pledged General Revenues, so long as the percentage obtained by dividing (i) Maximum Annual Debt Service (including projected Maximum Annual Debt Service for such indebtedness) by (ii) the sum of the University's unrestricted current funds expenditures plus mandatory transfers for the most recent year for which audited financial statements are available does not exceed the greater of (A) 9% or (B) that percentage (currently 7%) designated by the Secretary of Finance of the Commonwealth under the Alternative Construction and Financing Guidelines.

(c) Notwithstanding any other provision of this Resolution, the University may at any time exclude any General Revenues from Pledged General Revenues by filing with the Treasury Board a written notice of such exclusion, executed by the Chief Financial Officer, describing the Pledged General Revenues to be excluded and certifying that the percentage obtained by dividing (i) Maximum Annual Debt Service by (ii) the sum of the University's unrestricted current funds expenditures plus mandatory transfers for the most recent Fiscal Year for which audited financial statements are available does not exceed the greater of (A) 9% or (B) that percentage (currently 7%), designated by the Secretary of Finance of the Commonwealth under the Alternative Construction and Financing Guidelines. In addition, the University may at any time add to the definition of Pledged General Revenues hereunder any General Revenues that are not then subject to the lien hereof by filing with the Treasury Board a written notice of such addition and a description of the General Revenues to be added.

Section 4.3 Computation Assumptions. For purposes of computing Maximum Annual Debt Service under this Article IV, the following rules shall apply:

(a) Maximum Annual Debt Service on any Balloon Credit Obligation in each Fiscal Year will be assumed to be the sum of (i) the principal and interest due in that Fiscal Year (except any Fiscal Year in which more than 25% of the principal amount of the Credit Obligation is due, in which case this amount shall be zero) and (ii) the amount of principal and interest assigned to that Fiscal Year assuming that the amount of principal due in any Fiscal Year in which more than 25% of the principal amount of the Credit Obligation is due is computed on a level annual debt service schedule calculated at the interest rate on the Credit Obligation for a period of 30 years from the date of issuance.

(b) Maximum Annual Debt Service on any Put Credit Obligation in each Fiscal Year will be assumed to be the sum of (i) the principal and interest due in that Fiscal Year and (ii) the amount of principal and interest determined by amortizing from its incurrence date the amount of principal that may become subject to mandatory purchase (including purchase that may be required at the option of the owner of the Credit Obligation) in any Fiscal Year in which more than 25% of the principal amount of the Credit Obligation may be subject to such mandatory purchase on a level annual debt service schedule calculated as described in (a) above.

(c) Maximum Annual Debt Service will be assumed to exclude capitalized interest on Credit Obligations and principal of and interest on Credit Obligations to the extent that amounts are on deposit in an irrevocable escrow or are derived from the proceeds of other Credit Obligations (including the earnings or other increment to accrue thereon) that must be applied to pay such principal and interest and such amounts are sufficient to pay such principal and interest.

(d) The annual payment obligation represented by a Guaranty will, so long as such Guaranty constitutes a contingent liability, be assumed to be zero unless the University is required to make a payment pursuant to such Guaranty, in which case for each of the two next succeeding Fiscal Years, 100% of the maximum annual payment obligation under the Guaranty will be assumed to be a Credit Obligation of the University.

(e) The interest rate on any Variable Rate Credit Obligation will be assumed to be the average interest rate for the most recent 36-month period. However, if the Variable Rate Credit Obligation has not been outstanding for 36 months, the interest rate will be assumed to be the higher of (i) the average interest rate in effect for the 12-month period preceding the date of calculation or (ii) the interest rate in effect on the date of calculation.

(f) For any Credit Obligation for which a binding commitment, letter of credit or other credit arrangement providing for the extension of such Credit Obligation beyond its original maturity date exists, the computation of Maximum Annual Debt Service will be made on the assumption that such Credit Obligation will be amortized either (i) in accordance with such credit arrangement or (ii) over a period of 30 years from its original maturity date, whichever is longer.

ARTICLE V PAYING AGENT

Section 5.1 Paying Agent. (a) The Paying Agent shall be selected by the University's Executive Vice President or the University's Treasurer prior to the issuance of the Bonds. The Paying Agent and any successor Paying Agent, by written instrument delivered to the University shall accept the duties and obligations imposed on it under this Series Resolution and shall act on behalf of the Bondholders. Unless a separate Registrar is appointed by the Chief Financial Officer, the Paying Agent shall assume the duties and obligations imposed on the bond registrar (the "Registrar").

(b) Any provision hereof to the contrary notwithstanding, the Paying Agent shall never be required to make any payments except from funds provided to it by the University, or the State Treasurer as its agent.

(c) If at any time the Paying Agent is unable or unwilling to act as Paying Agent, the Paying Agent may resign, upon 30 days' prior written notice to the University. Such resignation shall become effective upon the date specified in such notice, unless a successor Paying Agent has not been appointed, in which case such resignation shall become effective upon the appointment of such successor. The Paying Agent may be removed at any time by the University, by written notice signed by the Chief Financial Officer delivered to the Paying Agent and each Bondholder. The

University will promptly certify to the Paying Agent that it has mailed such notice and such certificate will be conclusive evidence that such notice was given in the manner required hereby. Upon resignation or removal of the Paying Agent, the Chief Financial Officer shall appoint a successor Paying Agent, which shall be the State Treasurer or a commercial bank or trust company, which has a capital and surplus of at least \$50,000,000 and shall be registered as a transfer agent with the Securities and Exchange Commission. Upon the resignation or removal of the Paying Agent, the Paying Agent shall pay over, assign and deliver any moneys and Bonds held by it in trust pursuant to the Resolution to its successor.

Section 5.2 Certain Rights of the Paying Agent. (a) The Paying Agent may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction consent, order, bond or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The Paying Agent may rely and shall be protected in acting or refraining from acting upon any telephonic instructions received by a person identifying himself as an employee or agent of the proper party or parties and reasonably believed by the Paying Agent to be authorized to do so.

(c) The permissive right of the Paying Agent to do things set forth in this Series Resolution shall not be construed as a duty, and the Paying Agent shall not be liable for other than its gross negligence or willful misconduct.

(d) The Paying Agent may consult with counsel and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(e) The Paying Agent shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond or other paper or document, but the Paying Agent, in its sole discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

(f) The Paying Agent may perform any duties hereunder either directly or by or through agents or attorneys, and the Paying Agent shall be responsible for any intentional misconduct or gross negligence on the part of any agent or attorney appointed by it.

(g) The University shall pay all reasonable expenses of the Paying Agent including attorneys' fees incurred in connection with its performance of its duties hereunder.

Section 5.3 Registration of Transfer and Exchange of Bonds. No registration of transfer of a Bond shall be required to be made from a Record Date to the next succeeding Interest Payment Date or if a Bond shall have been selected or called for redemption. No exchange of a Bond shall be required to be made from a Record Date to the next succeeding Interest Payment Date or if a Bond shall have been selected or called for redemption.

ARTICLE VI AMENDMENTS AND SUPPLEMENTS

Section 6.1 Amendments to Series Resolution. This Series Resolution may be amended or supplemented in a similar manner and upon similar terms and conditions as the Master Resolution may be amended or supplemented.

Section 6.2 Amendments to Series Resolution Prior to Delivery of Bonds. On or prior to the delivery of the Bonds, the University's Executive Vice President or the University's Treasurer may make such changes to this Series Resolution as shall be necessary to accurately reflect all negotiations among the University, the State Treasurer and the Underwriters with respect to the structuring of the financing, including, without limitation, the terms and provisions of the Bonds, whether the refunding of certain Series 1996 Bonds contemplated by this Series Resolution is to be excluded from the financing and whether the Bonds are to be insured or credit enhanced, in whole or in part; provided, however, that no such amendment shall increase the principal amount of the Bonds by greater than 10%. On or prior to the delivery of the Bonds, the University's Executive Vice President or the University's Treasurer shall deliver to the Secretary of the Board a copy of this Series Resolution with all of the changes referred to in the preceding sentence (the "Final Resolution"), together with a certificate of the University's Executive Vice President or the University's Treasurer to the effect that the resolution so delivered is the Final Resolution. The Secretary shall file such Final Resolution with the minutes of the meeting at which this Series Resolution is adopted. The certificate of the University's Executive Vice President or the University's Treasurer referred to above shall be conclusive evidence that any changes made are approved and effective as if such Final Resolution were adopted by the Board.

ARTICLE VII MISCELLANEOUS

Section 7.1 Approval, Execution and Delivery of Necessary and Appropriate Documents. The Preliminary Official Statement of the University relating to the offering of the Bonds for sale, and the distribution thereof by the Underwriters, are hereby approved, ratified and confirmed. The University's Executive Vice President or the University's Treasurer is authorized to "deem final" the Preliminary Official Statement as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. The University's Executive Vice President or the University's Treasurer is also authorized to negotiate, execute and deliver and deem final, in necessary and appropriate form, the following documents:

- (a) a final Official Statement relating to the offering of the Bonds for sale, in substantially the form presented at the meeting at which this Series Resolution is adopted;
- (b) the Bond Purchase Agreement relating to the purchase of the Bonds, in substantially the form presented at the meeting at which this Series Resolution is adopted, such Bond Purchase Agreement providing for a maximum true interest cost of 6.0%;

(c) the Escrow Deposit Agreement, with an Escrow Agent selected by the University Treasurer prior to issuance of the Bonds, in substantially the form presented at the meeting at which this Series Resolution is adopted; and

(d) such other documents and instruments as he deems necessary or appropriate in connection with the issuance of the Bonds, so long as such documents and instruments do not conflict with the intent of this Series Resolution.

Section 7.2 Bond Delivery. All directors, officers and employees of the University are hereby authorized to take all actions necessary to accomplish the delivery of the Bonds to the Underwriters.

Section 7.3 Governing Law. This Series Resolution is adopted with the intent that the laws of the Commonwealth shall govern its construction.

Section 7.4 Repeal of Inconsistent Provisions. Any prior resolutions or provisions of resolutions of the Board inconsistent with any provisions of this Series Resolution are hereby repealed.

Section 7.5 Filings. The Secretary of the Board is hereby authorized and directed to file a certified copy of this Series Resolution with the Governor and the Treasury Board.

Section 7.6 Continuing Disclosure. (a) General. The University desires to comply with the provisions of Section (b)(5)(i) of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission ("SEC") providing for continuing disclosure. In order to accomplish this, the University covenants to do the following:

(i) The University shall annually provide certain financial information and operating data in accordance with the provisions of Section (b)(5)(i) of the Rule, as follows:

(1) audited financial statements, prepared in accordance with generally accepted accounting principles will be provided; and

(2) the operating data with respect to the University of the type appearing in portions of the Official Statement in final form describing the University under the following headings: "THE SYSTEMS – The Athletic Facilities System – Revenue generated by student fees; -- Administrative fee for indirect costs; -- Fundraising for the Athletic Facilities System; and – Net Revenues of the Athletic System"; and in Appendix A to the Official Statement under the following headings: Admission Policy and Students; Enrollment; Summary of Unrestricted Current Fund Revenues, Expenditures and other Changes; General Fund Appropriations from the Commonwealth; and Tuition and Financial Assistance.

(ii) The University shall annually provide the financial information and operating data described in subsection (a)(i) above (the "Continuing Disclosure") within seven months after the end of the University's fiscal year, commencing with the University's fiscal year ending June 30, 2004,

to each nationally recognized municipal securities information repository (“NRMSIR”) and to the appropriate state information depository (“SID”) if any is hereafter created.

(iii) Any of the Continuing Disclosure may be included by specific reference to other documents previously provided to each NRMSIR and to the appropriate SID, if any is hereafter created, or filed with the SEC; provided, however, that any final official statement incorporated by reference must be available from the Municipal Securities Rulemaking Board (the “MSRB”).

(iv) The University shall provide in a timely manner to each NRMSIR or the MSRB and to the appropriate SID, if any is hereafter created, notice specifying any failure of the University to provide the Continuing Disclosure by the date specified in subsection (a)(ii).

(b) Event Disclosure. The University shall provide in a timely manner to each NRMSIR or the MSRB and with the appropriate SID, if any is hereafter created, notice of the incurrence of any of the following events with respect to the Bonds, if material:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on any credit enhancement reflecting financial difficulties;
- (v) substitution of credit or liquidity provider, or their failure to perform;
- (vi) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (vii) modifications to rights of Bondholders;
- (viii) bond calls;
- (ix) defeasance of all or any portion of the Bonds;
- (x) release, substitution, or sale of property securing repayment of the Bonds; and
- (xi) rating changes.

(c) Termination. The covenants and obligations of the University specified in subsections (a) and (b) above will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all of the Bonds.

(d) Amendment. The University will modify its obligations contained in subsections (a) and (b) above to comply with subsequent changes to the Rule which shall not require the consent of Bondholders. The University also reserves the right to modify its obligations contained in

subsections (a) and (b) above without the consent of Bondholders, provided that such modification complies with the Rule as it exists at the time of modification.

(e) Additional Disclosure. The University may from time to time disclose information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, the University shall not incur any obligation to continue to provide, or to update, such additional information or data.

(f) No Default. (i) If the University fails to comply with any covenant or obligation specified in this Section 7.6, any holder (within the meaning of the Rule) of Bonds then outstanding may, by notice to the University, proceed to protect and enforce its rights and the rights of the holders by an action for specific performance of the University's covenant to provide financial information, operating data and event disclosure. If the information provided by the University under this Section is considered inadequate, the holders of not less than 25% in the aggregate principal amount of Bonds outstanding may take such actions as may be necessary or appropriate to compel performance by the University of its obligation.

(ii) Notwithstanding the foregoing, a failure of the University to provide any report or notice under this Section 6.12 shall not be deemed an event of default under this Resolution or the Bonds, and the sole remedy to comply with its undertaking in this Section shall be an action to compel performance. Nothing in this provision shall be deemed to restrict the rights or remedies of any holder pursuant to the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, or other applicable laws.

1229331v3

No. _____

**UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA**

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

**ATHLETIC FACILITIES SYSTEM AND
GENERAL REVENUE PLEDGE BOND, SERIES 2004D**

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
	June 1, _____	May 1, 2004	

REGISTERED OWNER:

PRINCIPAL AMOUNT:

Virginia Polytechnic Institute and State University (the "University"), the educational institution at Blacksburg, Virginia, for value received, hereby promises to pay, solely from the funds provided therefor as hereinafter set forth, to the registered owner named above, on the maturity date set forth above (or earlier as hereinafter set forth), upon the presentation and surrender hereof, the principal sum set forth above and to pay, solely from said funds, interest thereon from the date hereof at the rate per annum set forth above, until payment of said principal sum. Both the principal of and the interest on this Bond are payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal or redemption price of this Bond shall be payable, upon surrender of this Bond, at the office of the State Treasurer of the Commonwealth of Virginia, as Paying Agent (the "Paying Agent"), in Richmond, Virginia. Payment of interest on this Bond shall be made by check or draft mailed on the Interest Payment Date to the registered owner as of the close of business on the 15th day of the month immediately preceding such Interest Payment Date (the "Record Date") at his address as it appears on the registration books of the Paying Agent, as Registrar (the "Registrar"). Notwithstanding the foregoing, if and for so long as Cede & Co. or any other nominee of The Depository Trust Company, New York, New York, is registered owner of all of the Bonds, the principal of and premium, if any, on this Bond shall be paid to Cede & Co. or such other nominee as provided under the Resolution described below. The term "Interest Payment Date" means each December 1 and June 1, commencing December 1, 2004 (unless such date is not a Business Day, in which event payment of interest shall be made on the next succeeding Business Day).

This Bond shall bear interest from the Interest Payment Date next preceding the date on which it is authenticated, unless this Bond is (a) authenticated before the first Interest Payment Date following the initial delivery of the Bonds, in which case it shall bear interest from May 1, 2004 or (b) authenticated upon an Interest Payment Date, in which case it shall bear interest from such

Interest Payment Date; provided, however, that if at the time of authentication of this Bond interest is in default, this Bond shall bear interest from the date to which interest has been paid. Interest on this Bond shall be computed on the basis of a 360-day year of twelve 30-day months.

The University shall not be obligated to pay the principal of or interest on this Bond except from the Pledged General Revenues and the Net Revenues of the University's Athletic Facilities System and other legally available moneys, all as provided in the Resolution hereinafter referred to. This Bond and the interest hereon shall not be deemed to constitute a debt or liability of the Commonwealth of Virginia, legal, moral or otherwise. Neither the Commonwealth of Virginia nor the University shall be obligated to pay the principal of or interest on this Bond or other costs incident thereto except from the sources noted above, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia nor any other revenues or funds of the University are pledged to the payment of the principal of or interest on this Bond or other costs incident thereto.

This Bond is one of a duly authorized issue of Bonds of the University aggregating \$_____ in principal amount, known as "Athletic Facilities System and General Revenue Pledge Bonds, Series 2004D" (the "Bonds"), issued under and pursuant to a resolution adopted by the Board (as hereinafter defined) on March 29, 2004 (the "Master Resolution"), as supplemented by a Series Resolution adopted by the Board on March 29, 2004 (the "Series Resolution") (said Master Resolution, as supplemented, being herein called the "Resolution"). This Bond is issued and the Resolution was adopted under and pursuant to the Constitution and laws of the Commonwealth of Virginia, particularly Chapter 3, Title 23, Code of Virginia of 1950, as amended (herein called the "Act"). Reference is hereby made to the Resolution for the provisions, among others, with respect to the custody and application of the proceeds of Bonds issued under the Resolution, the collection and disposition of revenues, the funds charged with and pledged to the payment of the interest on and the principal of the Bonds, the nature and extent of the security, the terms and conditions on which the Bonds are or may be issued, the rights, duties and obligations of the University and the rights of the holders of the Bonds. Capitalized terms not defined herein shall be as defined in the Resolution. By the acceptance of this Bond, the holder hereof assents to all of the provisions of the Resolution.

The Resolution provides for the issuance from time to time, under the conditions, limitations and restrictions set forth therein, of additional series of bonds on a parity with the Bonds.

The Bonds maturing on or after June 1, 20__ are subject to optional redemption by the University on or after June 1, 20__ in whole or in part at any time (in any integral multiple of \$5,000) at the redemption prices (expressed as percentages of principal amount of Bonds to be redeemed) set forth below plus accrued interest to the redemption date:

<u>Redemption Period</u>	<u>Price</u>
June 1, 20__ through May 31, 20__	102%
June 1, 20__ through May 31, 20__	101
June 1, 20__ and thereafter	100

The Bonds maturing on June 1, 20__ are subject to mandatory sinking fund redemption prior to maturity, on each June 1 of the following years in the following principal amounts at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
20__	\$
20__	
20__	
20__	
20__	
20__	
20__ (Final Maturity)	

In the event that less than all of the Bonds are to be redeemed, the Bonds (or portions of Bonds) to be redeemed shall be selected by the University.

This Bond is transferable by the registered owner, in person or by its attorney duly authorized in writing, at the principal corporate trust office of the Paying Agent, upon surrender of this Bond to the Paying Agent for cancellation. Upon the transfer, a new Bond or Bonds of the same aggregate principal amount, maturity date and interest rate will be issued to the transferee. No transfer will be effective unless represented by such surrender and reissue. This Bond may also be exchanged at the principal corporate trust office of the Paying Agent for a new Bond or Bonds of the same aggregate principal amount, maturity date and interest rate without transfer to a new registered owner. Exchanges and transfers will be without expense to the holder except for applicable taxes or other governmental charges, if any. The Paying Agent shall not be required to transfer or exchange any Bond selected or called for redemption pursuant to the provisions hereof or from a Record Date through the next succeeding Interest Payment Date. All Bonds delivered in exchange or transfer shall be dated so that neither gain nor loss results from the transfer or exchange.

The University and the Paying Agent may treat the registered owner as the absolute owner of this Bond for all purposes, notwithstanding any notice to the contrary.

Neither the members of the Board nor any person executing this Bond are liable personally hereon or subject to any personal liability or accountability by reason of the issuance hereof.

This Bond will not be valid until the Certificate of Authentication has been signed by the Paying Agent.

The holder of this Bond shall have no right to enforce the provisions of the Resolution or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Resolution, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Resolution.

All acts, conditions and things required by the Constitution and laws of the Commonwealth of Virginia and by the rules and regulations of the Board of Visitors of the University (the "Board")

to happen, exist and be performed precedent to and in the issuance of this Bond have happened, exist and have been performed as so required.

IN WITNESS WHEREOF, Virginia Polytechnic Institute and State University has caused this Bond to be issued in its name and caused this Bond to bear the facsimile signatures of its President and the University's Executive Vice President or the University's Treasurer and its official seal to be impressed or imprinted hereon, all as of the 1st day of May, 2004.

[SEAL]

[Executive Vice President] [Treasurer]
of Virginia Polytechnic
Institute and State
University

President of Virginia
Polytechnic Institute and
State University

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolution.

Date of Authentication:

_____, 2004

REGISTRAR:

State Treasurer of the Commonwealth of Virginia

FORM OF ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers
unto

(Please print or typewrite name and address, including zip code, of Transferee)

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBERS OF TRANSFeree

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints
_____ attorney to transfer
the within Bond on the books kept for registration thereof, with full power of substitution in the
premises.

Dated: _____

Registered Owner

NOTICE: The signature above must correspond
with the name of the Registered Owner as it appears
on the front of this Bond in every particular, without
alteration or enlargement or any change whatsoever.

Signature guarantee

The signature of the transferor of this Bond must be
guaranteed by an institution participating in the
Securities Transfer Agent Medallion Program
("STAMP") or similar program.)

Please affix signature guarantee ink stamp below with appropriate signature, title of officer and
date:

Signature

Title

Date

RECOMMENDATION:

That the above Athletic Facilities System Series Resolution identifying the President, the Executive Vice President and University Treasurer as authorized officers to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the sale of the bonds be approved.

March 29, 2004

1229331v4

VIRGINIA POLYTECHNIC INSTITUTE

AND STATE UNIVERSITY

RESOLUTION

AUTHORIZING AND SECURING

**GENERAL REVENUE PLEDGE REFUNDING BONDS
SERIES 2004A**

ADOPTED MARCH 29, 2004

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Exhibit A - Form of Bonds

A RESOLUTION AUTHORIZING THE ISSUANCE OF VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY GENERAL REVENUE PLEDGE REFUNDING BONDS, SERIES 2004A; PLEDGING TO THE PAYMENT OF THE PRINCIPAL OF AND THE INTEREST ON SUCH BONDS CERTAIN REVENUES OF THE UNIVERSITY AS PROVIDED HEREIN; AND SETTING FORTH THE RIGHTS AND REMEDIES OF THE HOLDERS OF SUCH BONDS.

RECITALS

A. By Chapter 11, Title 23 of the Code of Virginia of 1950, as amended, there is created a corporation under the name and style of the Virginia Polytechnic Institute and State University (the "University"); which is governed by a Board of Visitors (the "Board"), which is vested with the supervision, management and control of the University.

B. By Chapter 3, Title 23 of the Code of Virginia of 1950, as amended (the "Act"), the University is classified as an educational institution, is declared to be a public body and is constituted a governmental instrumentality for the dissemination of education;

C. The Act empowers the University, with the consent and approval of the General Assembly of the Commonwealth of Virginia (the "Commonwealth") and the Governor of the Commonwealth to build, construct, reconstruct, erect, extend, better, equip and improve any building, facility, addition, extension or improvement of a capital nature required by or convenient for the purposes of the University and to borrow money and make, issue and sell bonds of the University for any of such purposes, including the refinancing of any such facilities, such bonds to be issued and sold through the Treasury Board of the Commonwealth (the "Treasury Board").

D. The Act further authorizes the University to pledge to the payment of the principal of and the interest on such bonds any moneys available for the use of the University, including, but not limited to, and subject to guidelines promulgated by the Secretary of Finance of the Commonwealth of Virginia (the "Secretary of Finance"), moneys appropriated to the University from the general fund of the Commonwealth of Virginia or from nongeneral funds, without regard to the source of such moneys, and which are not required by law or by previous binding contract to be devoted to some other purpose.

E. For the purpose of providing funds to finance a portion of the cost of constructing and equipping an education center in Falls Church, Virginia, the University issued its General Revenue Pledge Bonds, Series 1995A (the "Series 1995 Bonds") in the aggregate principal amount of \$9,845,000 pursuant to a resolution adopted by the Board on November 9, 1994.

F. For the purpose of providing funds to finance a portion of the cost of constructing and equipping improvements to the University's College of Veterinary Medicine, the University issued its General Pledge Revenue Bonds, Series 1992 in the aggregate principal amount of \$1,250,000 (the "Series 1992 Bonds") pursuant to a resolution adopted by the Board on August 24, 1992.

G. For the purpose of providing funds to finance a portion of the cost of (i) refunding the Series 1995 Bonds, (ii) refunding the Series 1992 Bonds, (iii) constructing and equipping a new architecture and engineering facility at the University, (iv) constructing and equipping improvements to the University's coal-fired power plant, (v) renovating the University's Continuing Education Center and Alumni Hall, and (vi) constructing improvements and additions to various athletic facilities at the University, the University issued its General Revenue Pledge Bonds, Series 1996A (the "Series 1996 Bonds") pursuant to a resolution adopted by the Board on August 26, 1996.

H. For the purpose of providing funds to finance the cost of refunding the Series 1996 Bonds that financed the costs described in clauses (i), (iii), (iv) and (v) of paragraph G above, the Board, pursuant to the powers granted it under Section 23-75 of the Code of Virginia of 1950, as amended, has determined to adopt this Resolution authorizing the issuance of general revenue pledge bonds of the University.

I. Contemporaneously with the issuance of bonds authorized by this Resolution, the University is issuing its Athletic Facilities System and General Revenue Pledge Bonds to refund the Series 1996 Bonds that financed the costs described in clause (vi) of paragraph G above.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. In addition to words and terms elsewhere defined in this Resolution, the following words and terms as used in this Resolution shall have the following meanings, unless some other meaning is plainly intended:

"Act" means Chapter 3, Title 23 of the Code of Virginia of 1950, as amended.

"Balloon Credit Obligation" means any Credit Obligation, 25% or more of the original principal amount of which matures during any consecutive twelve-month period, if such maturing principal amount is not required to be amortized below such percentage by mandatory redemption or prepayment before such twelve-month period. Balloon Credit Obligation does not include any Credit Obligation that otherwise would be classified hereunder as a Put Credit Obligation.

"Board" means the Board of Visitors of the University or, if such Board is abolished, the board or body succeeding to the principal functions thereof.

"Bond Purchase Agreement" means the Bond Purchase Agreement, dated as of the date of its execution and delivery, between the University and the Underwriters, and approved by the State Treasurer.

"Bondholder" or *"holder"* means the registered owner of any Bond.

“Bonds” means the Bonds authorized under and secured by this Resolution.

“Business Day” shall mean any day other than a Saturday, Sunday or a day on which banking institutions are authorized or obligated by law to close in the Commonwealth or at the place where the principal corporate trust office of the Paying Agent is located.

“Chief Financial Officer” means the University’s Executive Vice President or Treasurer or such other officer of the University having similar duties as may be selected by the Board.

“Code” means the Internal Revenue Code of 1986, as amended. Each citation to a Code section shall include the applicable temporary, proposed and permanent regulations, revenue rulings and revenue procedures.

“Commonwealth” means the Commonwealth of Virginia.

“Cost of Issuance Fund” means the Virginia Polytechnic Institute and State University General Revenue Pledge Refunding Bonds, Series 2004A Cost of Issuance Fund, a special fund created and designated by Section 4.2.

“Credit Obligation” of the University means any indebtedness incurred or assumed by the University for borrowed money and any other financing obligation of the University that, in accordance with generally accepted accounting principles consistently applied, is shown on the liability side of a balance sheet; provided, however, that Credit Obligation shall not include any portion of any capitalized lease payment or obligation of the University under the Virginia College Building Authority’s Pooled Loan Program directly appropriated from general funds of the Commonwealth or reasonably expected to be so appropriated as certified by the Chief Financial Officer, but only to the extent such appropriation is restricted by the Commonwealth to the payment of any such obligation; and provided further that the term Credit Obligation shall be construed in accordance with the assumptions set forth in Section 6.11.

“Daily Newspaper” means a newspaper regularly published in the English language on at least five business days in each calendar week.

“Debt Service Fund” means the Virginia Polytechnic Institute and State University General Revenue Pledge Refunding Bonds, Series 2004A, Debt Service Fund, a special fund created and designated by Section 5.1.

“Escrow Agent” means the Escrow Agent, as selected by the University’s Executive Vice President or the University’s Treasurer prior to the issuance of the Bonds, serving under the Escrow Deposit Agreement.

“Escrow Deposit Agreement” means the Escrow Deposit Agreement, dated as of May 1, 2004, among the University, the State Treasurer, as paying agent for the Series 1996 Bonds, and the Escrow Agent, including all amendments or supplements thereto as therein permitted.

“Escrow Fund” means the Escrow Account created pursuant to the Escrow Deposit Agreement securing the Series 1996 Bonds to be refunded.

“Fiscal Year” means the period commencing on the first day of July in any year and ending on the last day of June of the following year.

“General Revenues” means, without limitation, the University’s total gross university sponsored overhead, unrestricted endowment income, tuition and fees, indirect cost recoveries, auxiliary enterprise revenues, general and nongeneral fund appropriations and other revenues not required by law to be used for another purpose.

“Governor” means the Governor of the Commonwealth.

“Guaranty” means any obligation of the University guaranteeing any indebtedness of another person in any manner, whether directly or indirectly, including but not limited to obligations, contingent or otherwise (i) to purchase such indebtedness or any property constituting security for it, (ii) to advance or supply funds (1) for the purchase or payment of such indebtedness or (2) to maintain working capital or other balance sheet condition, (iii) to purchase securities or other property or services primarily to assure the owner of such indebtedness of the primary obligor’s ability to make payment of the indebtedness, or (iv) otherwise to assure the owner of such indebtedness against loss in respect thereof.

“Maximum Annual Debt Service” means the aggregate of the principal of (whether at maturity, by mandatory redemption or mandatory prepayment or acceleration) and interest on all outstanding Credit Obligations of the University payable during a particular Fiscal Year; provided that the amount of such payments shall be calculated in accordance with the assumptions set forth in Section 6.11.

“Parity Credit Obligation” means any Credit Obligation of the University which may be incurred in accordance with the terms of this Resolution that is secured on a parity with the pledge of Pledged General Revenues herein.

“Paying Agent” means the State Treasurer, on behalf of the Treasury Board, or any successor Paying Agent appointed pursuant to Section 11.2.

“Payment Date” means each date on which principal, premium or interest is due and payable on the Bonds.

“Pledged General Revenues” means any or all of the General Revenues of the University which are not required by law or by binding contract entered into on or prior to the date of issuance of the Bonds to be devoted to some other purpose, but shall not include any General Revenues excluded from Pledged General Revenues as permitted by Sections 6.2 or 6.3.

“Projects” means any facilities financed with the proceeds of the Bonds, including the facilities described in paragraph E and clauses (i), (iii), (iv) and (v) of paragraph G of the Recitals to this Resolution.

“Put Credit Obligation” means any Credit Obligation that is (i) payable or required to be purchased by or on behalf of the underlying obligor, at its owner’s option, before its stated maturity date or (ii) payable or required to be purchased from the owner by or on behalf of the underlying obligor (other than at the owner’s option) before its stated maturity date.

“Rating Agency” means Moody’s Investors Service, Inc., Standard & Poor’s Ratings Group, a division of The McGraw-Hill Companies, and/or Fitch Investors Service, Inc., if any or all of such rating agencies have provided a rating for the Bonds.

“Registrar” means the State Treasurer, on behalf of the Treasury Board, and any successor Registrar appointed pursuant to Section 11.2.

“Resolution” means this Resolution, together with any other resolutions supplemental hereto as herein permitted.

“Secretary of Finance” means the Secretary of Finance of the Commonwealth.

“Securities Depository” means The Depository Trust Company, a limited purpose trust corporation organized and existing under the laws of the State of New York, and any other securities depository for the Bonds appointed pursuant to Section 2.11.

“Series 1995 Bonds” means the Series 1995 Bonds described in paragraph E of the Recitals to this Resolution.

“Series 1992 Bonds” means the Series 1992 Bonds described in paragraph F of the Recitals to this Resolution.

“Series 1996 Bonds” means the Series 1996 Bonds described in paragraph G of the Recitals to this Resolution.

“State Treasurer” means the State Treasurer of the Commonwealth.

“Treasury Board” means the Treasury Board of the Commonwealth.

“Underwriters” means Morgan Keegan & Company, Morgan Stanley & Co., Incorporated and Davenport & Co., LLC.

“University” means the Virginia Polytechnic Institute and State University, an educational institution and a public body and governmental instrumentality for the dissemination of education, and its successor or successors.

“Variable Rate Credit Obligation” means any Credit Obligation the interest rate on which is not established at the time of incurrence at a fixed or constant rate.

Section 1.2 Rules of Construction/Use of Words and Phrases. Words of the masculine

gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the word "person" shall include corporations and associations, including public bodies, as well as natural persons. Singular words shall connote the plural number as well as the singular and vice versa.

All references in this Resolution to particular Articles or Sections are references to Articles or Sections of this Resolution unless otherwise indicated.

The headings and table of contents as used in this Resolution are solely for convenience of reference and shall not constitute a part of this Resolution nor shall they affect its meaning, construction or effect.

ARTICLE II

AUTHORIZATION, FORM, EXECUTION, DELIVERY, REGISTRATION AND PAYMENT OF BONDS

Section 2.1 Authorization of Bonds. For the purpose of providing funds, together with other available funds, for financing all or a portion of the cost of refunding certain maturities of the Series 1996 Bonds, there shall be issued, under the authority of the Act, Bonds of the University in the aggregate principal amount of \$28,060,000. The Bonds shall be designated "Virginia Polytechnic Institute and State University General Revenue Pledge Refunding Bonds, Series 2004A."

Section 2.2 Details of Bonds. The Bonds authorized in Section 2.1 shall be issued initially in book-entry form only in denominations of \$5,000 or any multiple thereof, shall be dated May 1, 2004, shall be numbered from R-1 upward, and shall mature on June 1 in each of the years, in the amounts and bearing interest, payable on December 1, 2004 and semi-annually thereafter on June 1 and December 1 in each year, at the rates shown below:

<u>Year of</u> <u>Maturity</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Year of</u> <u>Maturity</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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All Bonds shall bear interest (a) from May 1, 2004, if authenticated prior to December 1, 2004 or (b) otherwise from the June 1 or December 1 that is, or that immediately precedes, the date

on which such Bond is authenticated (unless payment of interest is in default, in which case such Bond shall bear interest from the date to which interest has been paid).

Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America, but only from the revenues lawfully available therefor pursuant to the Act and pledged to the payment thereof as hereinafter provided. Principal of the Bonds shall be payable upon presentation and surrender of the Bonds as they become due at the office of the Paying Agent. Interest on Bonds shall be payable to the registered owners of Bonds by check or draft mailed to such owners at their addresses as they appear on registration books kept by the State Treasurer as bond registrar (the "Registrar") on the 15th day of the month preceding the applicable interest payment date.

Nothing herein shall be construed as prohibiting the University from issuing any maturity of the Bonds as one fully registered bond for the purpose of qualifying such Bonds for book entry registration by a Securities Depository or any similar arrangement whereby investors may hold a participation interest in such maturity of the Bonds.

Section 2.3 Form of Bonds. The Bonds shall be substantially in the form set forth in Exhibit A, with such appropriate variations, omissions and insertions as permitted or required by this Resolution.

Section 2.4 Execution of Bonds. The Bonds shall be executed in the name and on behalf of the University by its President and by its Executive Vice President or its Treasurer, and the official seal of the University shall be impressed, imprinted, reproduced or lithographed on the Bonds. The signatures on the Bonds may be by facsimile. In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the University before the Bonds so signed or attested shall have been issued by the University, such Bonds may nevertheless be delivered and issued and, upon such delivery and issue, shall be as binding upon the University as though those who signed and attested the same had continued to be such officers of the University. Any Bond may be signed and attested on behalf of the University by such persons as at the actual date of execution of such Bond shall be the proper officers of the University although at the nominal date of such Bond any such person shall not have been such officer of the University.

Only such of the Bonds as shall bear thereon a certificate of authentication, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of the Registrar shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Resolution.

Section 2.5 Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.7, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Registrar.

Whenever any Bond or Bonds shall be surrendered for registration of transfer, the University shall execute and the Registrar shall authenticate and deliver a new Bond or Bonds, of authorized denominations of the same maturity and interest rate and for a like aggregate principal amount. Such transfer shall be without charge to the holder, except that the Registrar shall require the Bondholder requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The Registrar shall not be required to transfer or exchange any Bond selected or called for redemption pursuant to the provisions hereof or from a Record Date through the next succeeding Interest Payment Date.

Section 2.6 Exchange of Bonds. Bonds may be exchanged at the office of the Registrar for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and interest rate. Such exchange shall be without charge to the holder, except that the Registrar shall require the Bondholder requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange.

Section 2.7 Bond Register; Notices; Persons Treated as Owners. The Registrar will keep or cause to be kept, at its office in Richmond, Virginia, sufficient books for the registration and transfer of the Bonds, which shall at all times during regular business hours be open to inspection by the University; and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register or cause to be registered, on such books, the transfer or exchange of Bonds as hereinbefore provided. Notices sent to Bondholders pursuant to this Resolution shall be sent to the addresses shown on the registration books maintained by the Registrar or such other address as may be filed with the Registrar for such purpose. All notices required to be given by mail shall be given by first class mail, postage prepaid.

In addition to the other obligations imposed on the Registrar hereunder, the Registrar shall agree to deliver upon request a list of the names and addresses of the registered owners of the Bonds, as follows:

- (i) to any Bondholder, if an Event of Default shall have occurred and be continuing;
- (ii) to the State Treasurer, the Paying Agent or the University, at any time; and
- (iii) to the registered holders of twenty-five percent (25%) or more in aggregate principal amount of Bonds then outstanding, at any time.

Prior to due presentment for registration of transfer of any Bond, the Registrar shall treat the registered owner as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the owner, except that interest payments shall be made to the person registered as owner on the registration books of the Registrar as of the 15th day of the month preceding the interest payment date.

Section 2.8 Temporary Bonds. The Bonds may be issued in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bond may be printed, lithographed or typewritten, shall be of such denomination as may be determined by the University and may contain such reference to any of the provisions of this Resolution as may be appropriate. A

temporary Bond may be in the form of a single Bond payable in installments, each on the date, in the amount and at the rate of interest established for the Bonds maturing on such date. Every temporary Bond shall be executed by the University and be authenticated by the Registrar upon the same conditions and in substantially the same manner as the definitive Bonds. If the University issues temporary Bonds it will execute and deliver definitive Bonds as promptly thereafter as practicable, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the office of the Registrar and the Registrar shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations of the same maturity or maturities and interest rate. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Resolution as definitive Bonds authenticated and delivered hereunder.

Section 2.9 Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the University, at the expense of the owner of such Bond, shall execute, and the Registrar shall thereupon authenticate and deliver, a new Bond of like tenor bearing a different number in exchange and substitution for the Bond so mutilated, but only upon surrender to the Registrar of the Bond so mutilated. Every mutilated Bond so surrendered to the Registrar shall be canceled by it and shall be delivered to, or upon the order of, the University. If any Bond shall be lost, destroyed or stolen, evidence of the ownership thereof and of such loss, destruction or theft may be submitted to the University, the State Treasurer and the Registrar and, if such evidence be satisfactory to all three and indemnity satisfactory to them shall be given, the University, at the expense of the owner, shall execute, and the Registrar shall thereupon authenticate and deliver, a new Bond of like tenor bearing a different number in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall be about to mature, instead of issuing a substitute Bond, the Paying Agent may pay the same without surrender thereof). The University may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the related expenses which may be incurred by the University, the Registrar, the State Treasurer and the Paying Agent. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the University whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Resolution with all other Bonds secured by this Resolution.

Section 2.10 Terms and Conditions for Issuance of Bonds. The Bonds authorized by this Resolution shall be executed in the form and manner hereinabove set forth and shall be deposited with the State Treasurer as Registrar for delivery to the Underwriters pursuant to the Bond Purchase Agreement, but before the Bonds shall be delivered by the Registrar, there shall be filed with the Registrar the following:

- (a) a copy, certified by the Secretary of the Board, of this Resolution;
- (b) the written approval of the Governor to the issuance and sale of the Bonds;
- (c) a certificate, consent or statement signed by or on behalf of the Secretary of Finance to the effect that the issuance of the Bonds is in compliance with the guidelines promulgated

by the Secretary of Finance pursuant to Section 23-19(d)(4) of the Code of Virginia of 1950, as amended; and

(d) an opinion of nationally recognized bond counsel stating that the issuance of such Bonds has been duly authorized, that all conditions precedent to the delivery of such Bonds have been fulfilled, and that interest on the Bonds is excluded from gross income for Federal income tax purposes.

When the documents mentioned above in this Section shall have been filed with the Registrar and when the Bonds shall have been executed as required by this Resolution, the Registrar shall deliver such Bonds to or upon the order of the Underwriters pursuant to the Bond Purchase Agreement, but only upon payment to the State Treasurer of the purchase price of such Bonds. The Registrar shall be entitled to rely upon such Bond Purchase Agreement as to the names of the purchasers and the amount of such purchase price.

The proceeds of such Bonds shall be deposited by the State Treasurer as described in Section 4.1.

Section 2.11 Book Entry Provisions. The provisions of this Section 2.11 shall apply to the Bonds so long as all of the Bonds shall be maintained in book-entry form with a Securities Depository, any other provisions of this Resolution to the contrary notwithstanding.

(a) The principal or redemption price of and interest on the Bonds shall be payable to the Securities Depository, or registered assigns, as the registered owner of the Bonds, in same day funds on each date on which the principal of, and premium, if any, or interest on the Bonds is due as set forth in this Resolution and in the Bonds. Such payments shall be made to the offices of the Securities Depository specified by the Securities Depository to the University and Paying Agent in writing. Without notice to or the consent of the beneficial owners of the Bonds, the University and the Securities Depository may agree in writing to make payments of principal and interest in a manner different from that set out herein. If such different manner of payment is agreed upon, the University shall give the Paying Agent notice thereof, and the Paying Agent shall make payments as if set forth herein. Neither the University nor the Paying Agent shall have any obligation with respect to the transfer or crediting of the appropriate principal, premium, if any, and interest payments to participants of the Securities Depository or the beneficial owners of the Bonds or their nominees.

(b) The Paying Agent may replace any Securities Depository as the depository for the Bonds with another qualified securities depository or discontinue the maintenance of the Bonds in book-entry form at any time if the Paying Agent or the University determines to do so. Notice of any determination above shall be given to such Securities Depository at least 30 days prior to any such discontinuation (or such fewer number of days as shall be acceptable to such Securities Depository). The Paying Agent may undertake to locate a qualified replacement Securities Depository and/or may discontinue the book-entry system of evidencing ownership of the Bonds.

(c) If the Paying Agent discontinues the maintenance of the Bonds in book-entry form, the University will issue replacement Bonds directly to the participants in the former

Securities Depository or, to the extent requested by any such participant, to the beneficial owners of Bonds as further described in this Section. The Paying Agent shall notify participants and the beneficial owners of the Bonds, by mailing an appropriate notice to the Securities Depository, or by other means deemed appropriate to the Securities Depository, or by other means deemed appropriate by the Paying Agent, that the University will issue replacement Bonds directly to the participants shown on the records of the Securities Depository or, to the extent requested by any participant, to beneficial owners of Bonds shown on the records of such participant, as of a date set forth in such notice, which shall be a date at least 10 days after receipt of such notice by the Securities Depository (or such fewer number of days as shall be acceptable to the Securities Depository).

In the event that replacement Bonds are to be issued to participants in the Securities Depository or to beneficial owners of the Bonds, the University shall promptly have prepared replacement Bonds registered in the names of the participants as shown on the records of the former Securities Depository or, to the extent requested by any participant, in the names of the beneficial owners of Bonds shown on the records of such participant, as of the date set forth in the notice delivered in accordance with the immediately preceding paragraph. Replacement Bonds issued to participants in the Securities Depository or to beneficial owners shall be in fully registered form substantially in the form of Exhibit A. The form set forth in Exhibit A may be modified to include any variations, omissions or insertions that are necessary or desirable in the delivery of replacement certificates in printed form. In delivering replacement certificates, the Paying Agent shall be entitled to rely, without independent investigation, on the records of the former Securities Depository as to its participants and the records of the participants acting on behalf of the beneficial owners. The Bonds will thereafter be registrable and exchangeable as set forth in Sections 2.6 and 2.7.

(d) So long as there is a Securities Depository for the Bonds, (1) such Securities Depository shall be the registered owner of the Bonds, (2) transfers of ownership and exchanges shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by such Securities Depository and its participants, and (3) references in this Resolution to Bondholders, holders or registered owners of the Bonds shall mean the Securities Depository and shall not mean the beneficial owners of the Bonds.

(e) If the Paying Agent replaces any Securities Depository as the depository for the Bonds with another qualified Securities Depository, Replacement Bonds issued to such replacement Securities Depository shall have the same terms, form and content as the Bonds initially registered in the name of the predecessor Securities Depository or its nominee except for the name of the registered owner.

(f) Each Securities Depository and the participants thereof and the beneficial owners of the Bonds, by their acceptance of the Bonds, agree that the University and the Paying Agent shall have no liability or responsibility with respect to (1) the accuracy of any records maintained by such Securities Depository or any Securities Depository participant; (2) the payment by such Securities Depository to any Securities Depository participant or by any Securities Depository participant to any beneficial owner of any amount due in respect of the principal of and premium, if any, and interest on the Bonds; (3) the delivery or timeliness of delivery by such Securities Depository to any Securities Depository participant or by any Securities Depository participant to any beneficial owner of any notice which is given to Bondholders; (4) the selection of

the beneficial owners to receive payment in the event of any partial redemption of the Bonds; or (5) any consent given or other action taken by such Securities Depository or any nominee of such Securities Depository, as Bondholder.

ARTICLE III

REDEMPTION OF BONDS

Section 3.1 Redemption of Bonds. (a) The Bonds shall not be subject to prior redemption except as provided in this Article III.

(b) The Bonds that are stated to mature on or after June 1, 20__ are subject to redemption, at the option of the University, in whole or in part (in any integral multiple of \$5,000) on any date not earlier than June 1, 20__, upon payment of the following redemption prices (expressed as a percentage of the principal amount of Bonds to be redeemed), plus interest accrued to the redemption date:

<u>Dates (inclusive)</u>	<u>Redemption Price</u>
June 1, 20__ through May 31, 20__	102%
June 1, 20__ through May 31, 20__	101
June 1, 20__ and thereafter	100

(c) (1) The Bonds that are stated to mature on June 1, 20__ shall be subject to mandatory redemption by the University at a redemption price of 100% of the principal amount thereof plus accrued interest, on June 1 in the following years and in the following amounts:

<u>Year</u>	<u>Amount</u>
20__	\$
20__	
20__	
20__ (final maturity)	

(2) The Bonds that are stated to mature on June 1, 20__ shall be subject to mandatory redemption by the University at a redemption price of 100% of the principal amount thereof plus accrued interest, on June 1 in the following years and in the following amounts:

<u>Year</u>	<u>Amount</u>	
20__		\$
20__		
20__		
20__ (final maturity)		

(d) If less than all of the Bonds are to be called for redemption, the Bonds to be redeemed shall be selected by the University.

(e) At its option, to be exercised on or before the fortieth day next preceding any applicable sinking fund redemption date, the University may receive a credit against its mandatory sinking fund redemption obligation for the Bonds which prior to such date have been purchased by the University and presented to the Paying Agent for cancellation or redeemed (otherwise than through the operation of the sinking fund) and canceled by the Paying Agent and, in either case, not theretofore applied as a credit against any sinking fund redemption obligation.

Each Bond so purchased, delivered or previously redeemed shall be credited by the Paying Agent at 100% of the principal amount thereof against the obligation of the University on such sinking fund redemption date to redeem Bonds. Any excess over such obligation shall be credited against applicable future sinking fund redemption obligations, or deposits with respect thereto, in such order of maturity as shall be determined by the University, and the principal amount of such Bonds to be redeemed by operation of the sinking fund shall be accordingly reduced.

Section 3.2 Notice of Redemption. (a) Whenever Bonds are to be redeemed under the provisions of this Resolution, the Paying Agent shall, not less than 30 nor more than 60 days prior to the redemption date, mail notice of redemption to all registered owners of all Bonds to be redeemed at their registered addresses. The Paying Agent shall also mail a copy of any such notice of redemption to any Rating Agency. Any such notice of redemption shall identify the Bonds to be redeemed, shall specify the redemption date and the redemption price, and shall state that on the redemption date the Bonds called for redemption will be payable at the office of the Paying Agent and that from that date interest will cease to accrue. The Paying Agent may use "CUSIP" numbers in notices of redemption as a convenience to Bondholders, provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any such notice.

If at the time of mailing of notice of any optional redemption the University shall not have caused to be deposited with the Paying Agent money sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional in that it is subject to the deposit of such moneys with the Paying Agent not later than the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Section 3.3 Effect of Calling for Redemption. On the date designated for redemption, notice having been mailed in the manner and under the conditions hereinabove provided and moneys for payment of the redemption price being held in separate accounts by the Paying Agent in trust for the holders of the Bonds to be redeemed, all as provided in this Resolution, the Bonds so called for

redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date, interest on the Bonds so called for redemption shall cease to accrue, such Bonds shall cease to be entitled to any benefit or security under this Resolution and the holders or registered owners of such Bonds shall have no rights with respect thereto except to receive payment of the redemption price.

Section 3.4 Bonds Redeemed Not Deemed Outstanding. Bonds which have been duly called for redemption under the provisions of this Article, or with respect to which irrevocable instructions to call for redemption have been given by the University to the State Treasurer in form satisfactory to him or her, and for the payment of the redemption price of which moneys shall be held in separate accounts by the Paying Agent in trust for the holders of the Bonds to be redeemed, all as provided in this Resolution, shall not thereafter be deemed to be outstanding under the provisions of this Resolution.

ARTICLE IV

CUSTODY AND APPLICATION OF PROCEEDS OF BONDS

Section 4.1 Custody and Application of Proceeds of Bonds. The net proceeds of the Bonds shall be deposited by the State Treasurer as follows:

- (a) To the Debt Service Fund, an amount equal to the interest accruing on the Bonds from their dated date through the date of their delivery.
- (b) To the Escrow Fund, the amount specified in the Escrow Deposit Agreement, to be used to defease and refund the Series 1996 Bonds identified in the Escrow Deposit Agreement.
- (c) To the Cost of Issuance Fund, the balance of such net proceeds.

Section 4.2 Cost of Issuance Fund. A special fund is hereby created in the Office of the State Treasurer and designated "Virginia Polytechnic Institute and State University General Revenue Pledge Refunding Bonds, Series 2004A, Cost of Issuance Fund" (the "Cost of Issuance Fund"). The moneys in the Cost of Issuance Fund shall be held in trust and applied to the payment of costs incurred in connection with issuing the Bonds or refunding Series 1996 Bonds and, pending such application, shall be invested in legal investments for public funds, and shall be subject to a lien and charge in favor of the holders of the Bonds and for the future security of such holders until paid out or transferred as herein provided.

Section 4.3 Reserved.

Section 4.4 Payments from Cost of Issuance Fund. Payment of costs incurred in connection with issuing the Bonds or refunding Series 1996 Bonds shall be made from the Cost of Issuance Fund and other available funds, all as provided by law. All payments from the Cost of Issuance Fund shall be subject to the provisions and restrictions set forth in this Article, and the Board covenants that it will not cause or permit to be paid from the Cost of Issuance Fund any sums

except in accordance with such provisions and restrictions.

Moneys in the Cost of Issuance Fund shall be paid out by the State Treasurer on warrants of the State Comptroller to be issued on vouchers of the University, all in accordance with the Act, the amounts stated in such vouchers to be necessary for paying costs incurred in connection with issuing the Bonds or refunding the Series 1996 Bonds.

Such vouchers shall state each amount to be paid, the name of the person, firm or corporation to whom each such payment is due and the purpose for which the obligation to be paid was incurred, and shall certify that the goods or services specified have been received or performed, that payment therefor has not been previously authorized and that the expenditure is a proper charge to the appropriation for the Cost of Issuance Fund.

Section 4.5 Disposition of Balance in Cost of Issuance Fund. When the costs incurred in connection with issuing the Bonds and refunding Series 1996 Bonds shall have been paid in full, as evidenced by a certificate signed by the Chief Financial Officer and filed with the State Treasurer, any balances in the Cost of Issuance Fund not deemed by the Chief Financial Officer necessary to be reserved for the payment of any such costs shall be transferred to the credit of the Debt Service Fund and invested and disbursed as may be provided in an opinion of nationally recognized bond counsel.

ARTICLE V

REVENUES AND FUNDS

Section 5.1 Debt Service Fund. A special fund is hereby created in the Office of the State Treasurer and designated “The Virginia Polytechnic Institute and State University General Revenue Pledge Refunding Bonds, Series 2004A, Debt Service Fund” (the “Debt Service Fund”). All accrued interest, if any, received from the purchasers of the Bonds, as provided in Section 4.1, shall be deposited to the credit of the Debt Service Fund. On or before the 15th day of the month preceding each date on which payments of interest, premium or principal shall be due and payable on the Bonds (a “Payment Date”), the State Treasurer shall transfer from the general funds of the University and deposit an amount of money sufficient to cause the amount held in the Debt Service Fund to be equal to the interest, premium and principal due on the Bonds on such Payment Date. The University hereby directs the State Treasurer, in a manner acceptable to the State Treasurer, on or before such 15th day of the month preceding each Payment Date, to pay the amounts due on the Bonds on each such Payment Date.

Section 5.2 Payments to Bondholders. The Paying Agent shall, within five days immediately preceding each Payment Date, withdraw from the Debt Service Fund the amounts needed on such date to pay the principal of and premium, if any, and interest on the Bonds and shall pay or cause the same to be paid to the Bondholders as such principal, premium and interest become due and payable.

Section 5.3 Pledge of Funds and Accounts. The moneys in the Debt Service Fund shall be held in trust and applied as herein provided and, pending such application, shall be pledged to,

and subject to a lien and charge in favor, of the holders of the Bonds issued and outstanding under this Resolution and for the further security of such holders until paid out or transferred as herein provided.

Section 5.4 Moneys Held in Trust. All moneys which the State Treasurer shall have withdrawn from the funds of the University or shall have received from any other source and set aside, or deposited with any Paying Agent, for the purpose of paying any of the Bonds hereby secured, either at the maturity thereof or upon call for redemption, shall be held in trust for the respective holders of such Bonds. Any moneys which shall be so set aside or deposited by the State Treasurer and which shall remain unclaimed by the holders of such Bonds for the period of five years after the date on which such Bonds shall have become due and payable shall be disposed of by the State Treasurer and the Paying Agent in accordance with The Uniform Disposition of Unclaimed Property Act, Chapter 11.1, Title 55, Code of Virginia of 1950, as amended.

Section 5.5 Cancellation of Bonds Upon Payment. All Bonds paid, redeemed or purchased by the University, either at or before maturity, shall be canceled upon the payment, redemption or purchase of such Bonds and shall be delivered to the State Treasurer when such payment, redemption or purchase is made. All Bonds canceled under any of the provisions of this Resolution may be cremated or otherwise destroyed by the State Treasurer.

ARTICLE VI

PARTICULAR COVENANTS

Section 6.1 Payment of Principal and Interest; Pledge of Pledged General Revenues. The University covenants that it will promptly pay or cause to be paid from the sources described herein the principal of and the interest on every Bond issued under the provisions of this Resolution at the place or places, on the dates and in the manner provided herein and in such Bonds, and any premium required for the retirement of such Bonds by purchase or redemption, according to the true intent and meaning thereof. Except as otherwise provided in this Resolution, such principal, interest and premium are payable solely from Pledged General Revenues, which Pledged General Revenues and other moneys and funds to the extent provided in the Resolution are hereby pledged to the payment thereof, subject to Sections 6.2 and 6.3.

THE UNIVERSITY SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS EXCEPT FROM THE SOURCES NOTED HEREIN AS PLEDGED THEREFOR. THE BONDS AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE COMMONWEALTH, LEGAL, MORAL OR OTHERWISE. NEITHER THE COMMONWEALTH NOR THE UNIVERSITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE SOURCES NOTED HEREIN AS PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS OR OTHER COSTS INCIDENT THERETO.

Section 6.2 Additional Indebtedness. (a) Except as provided in this Section, nothing in this Resolution shall be construed as prohibiting or limiting in any way the right of the University to incur or issue other Credit Obligations, whether secured or unsecured and whether payable from General Revenues or otherwise, or to pledge for the payment thereof any General Revenues, including Pledged General Revenues, or other funds, revenues or receipts of the University. Any such pledge of General Revenues shall rank on a parity with the pledge of Pledged General Revenues herein, unless expressly subordinated to the pledge hereof. Notwithstanding anything herein to the contrary, the pledge of Pledged General Revenues securing the Bonds shall be on a parity with the pledge of Pledged General Revenues securing any other Credit Obligations of the University issued on the same date the Bonds are issued.

(b) The University may issue indebtedness secured by a pledge of specified General Revenues, which General Revenues so pledged shall no longer be deemed a part of the Pledged General Revenues, so long as the percentage obtained by dividing (i) Maximum Annual Debt Service (including projected Maximum Annual Debt Service for such indebtedness) by (ii) the sum of the University's unrestricted current funds expenditures plus mandatory transfers for the most recent year for which audited financial statements are available does not exceed the greater of (A) 9% or (B) that percentage (currently 7%) designated by the Secretary of Finance of the Commonwealth under the Alternative Construction and Financing Guidelines.

Section 6.3 Exclusions from and Additions to Pledged General Revenues. Notwithstanding any other provision of this Resolution, the University may at any time exclude any General Revenues from Pledged General Revenues by filing with the Treasury Board a written notice of such exclusion, executed by the Chief Financial Officer, describing the Pledged General Revenues to be excluded and certifying that the percentage obtained by dividing (i) Maximum Annual Debt Service by (ii) the sum of the University's unrestricted current funds expenditures plus mandatory transfers for the most recent year for which audited financial statements are available does not exceed the greater of (A) 9% or (B) that percentage (currently 7%) designated by the Secretary of Finance of the Commonwealth under the Alternative Construction and Financing Guidelines. In addition, the University may at any time add to the definition of Pledged General Revenues hereunder any General Revenues that are not then subject to the lien hereof by filing with the Treasury Board a written notice of such addition and a description of the General Revenues to be added.

Section 6.4 Disposition of Assets. The University may convey, sell or otherwise dispose of any property of the University as long as (1) such conveyance, sale or encumbrance is in the ordinary course of business, or (2) the Chief Financial Officer delivers to the Treasury Board a certificate to the effect that, taking into account the conveyance, sale or other disposition of such property (i) the University will have sufficient funds to meet all of its financial obligations, including its obligations to pay principal of and interest on all Credit Obligations for all Fiscal Years to and including the second full Fiscal Year after such conveyance, sale or other disposition, (ii) the Chief Financial Officer has no reason to believe that the University will not have sufficient funds to pay all amounts due under all indebtedness of the University then outstanding, and (iii) such conveyance, sale or encumbrance is permitted under Virginia law.

Section 6.5 Insurance. The University covenants that it will at all times carry or cause to

be carried with a responsible insurance company or companies, qualified to assume the risks thereof, or that it will maintain an adequate program of self-insurance, in either case sufficient to provide the University such insurance in such amount and covering such risks as the University shall deem to be reasonable and desirable.

Section 6.6 Rights of Bondholders Not to Be Impaired. Except as otherwise set forth herein, the University covenants that no contract or contracts will be entered into or any action taken which might impair or diminish the rights of the Bondholders.

Section 6.7 Further Instruments and Actions. The University covenants that it will, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of this Resolution.

Section 6.8 Accurate Records and Accounts. The University covenants that it will keep accurate records and accounts of all items of cost and of all expenditures relating to Pledged General Revenues collected and the application of such Pledged General Revenues. Such records and accounts shall be open at all reasonable times to the inspection of the State Treasurer and his or her agents and representatives.

The University further covenants that it will cause to be filed with the State Treasurer not later than the end of the seventh month following the close of each Fiscal Year a report, signed by the Chief Financial Officer and by the Virginia Auditor of Public Accounts or by an independent certified public accountant or firm of certified public accountants to be approved by the Virginia Auditor of Public Accounts, setting forth for the preceding Fiscal Year, in reasonable detail, the financial condition of the University, including its balance sheet as of the end of the preceding Fiscal year and the related statements of operating activities and other changes for the preceding Fiscal Year.

Section 6.9 Recognized Accounting Principles. The University covenants that all of the accounts and records of the University will be kept according to generally accepted accounting principles consistently applied.

Section 6.10 Tax Covenants. (a) The University shall not use or permit the use of any proceeds of Bonds or any other funds of the University, directly or indirectly, to acquire any securities or obligation, and shall not use or permit the use of any amounts received by the University or State Treasurer with respect to the Bonds in any manner, and shall not take or permit to be taken any other action or actions, which would cause any Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code. If at any time the University is of the opinion that for purposes of this subsection it is necessary to restrict or limit the yield on the investment of any moneys held by the State Treasurer under this Resolution the University shall so instruct the State Treasurer in writing, and the State Treasurer shall take such action as may be necessary in accordance with such restriction.

(b) The University shall not use or permit the use of any proceeds of Bonds or any other funds of the University, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would result in any of the Bonds being treated as an

obligation not described in Section 103(a) of the Code by reason of classification of such Bond as a “private activity bond,” an “arbitrage bond” or “bond not in registered form” within the meaning of Section 103(b) of the Code.

(c) The University shall at all times do and perform all acts and things permitted by law and this Resolution which are necessary or desirable in order to assure that interest paid on the Bonds or any of them will be excludable from gross income for federal income tax purposes and shall take no action that would result in such interest not being excludable from gross income for federal income tax purposes.

(d) The University covenants that it shall file the information report with respect to the Bonds required by Section 149(e) of the Code within the time period provided in such Section.

Section 6.11 Computation Assumptions. For purposes of construing any definitions or computing any covenants set forth in this Resolution, the following rules shall apply:

(a) Maximum Annual Debt Service on any Balloon Credit Obligation in each Fiscal Year will be assumed to be the sum of (i) the principal and interest due in that Fiscal Year (except any Fiscal Year in which more than 25% of the principal amount of the Credit Obligation is due, in which case this amount shall be zero) and (ii) the amount of principal and interest assigned to that Fiscal Year assuming that the amount of principal due in any Fiscal Year in which more than 25% of the principal amount of the Credit Obligation is due is computed on a level annual debt service schedule calculated at the interest rate on the Credit Obligation for a period of 30 years from the date of issuance.

(b) Maximum Annual Debt Service on any Put Credit Obligation in each Fiscal Year will be assumed to be the sum of (i) the principal and interest due in that Fiscal Year and (ii) the amount of principal and interest determined by amortizing from its incurrence date the amount of principal that may become subject to mandatory purchase (including purchase that may be required at the option of the owner of the Credit Obligation) in any Fiscal Year in which more than 25% of the principal amount of the Credit Obligation may be subject to such mandatory purchase on a level annual debt service schedule calculated as described in (a) above.

(c) Maximum Annual Debt Service will be assumed to exclude capitalized interest on Credit Obligations and principal of and interest on Credit Obligations to the extent that amounts are on deposit in an irrevocable escrow or are derived from the proceeds of other Credit Obligations (including the earnings or other increment to accrue thereon) that must be applied to pay such principal and interest and such amounts are sufficient to pay such principal and interest.

(d) The annual payment obligation represented by a Guaranty will, so long as such Guaranty constitutes a contingent liability, be assumed to be zero unless the University is required to make a payment pursuant to such Guaranty, in which case for each of the two next succeeding Fiscal Years, 100% of the maximum annual payment obligation under the Guaranty will be assumed to be a Credit Obligation of the University.

(e) The interest rate on any Variable Rate Credit Obligation will be assumed to be the average interest rate for the most recent 36-month period. However, if the Variable Rate Credit Obligation has not been outstanding for 36 months, the interest rate will be assumed to be the higher of (i) the average interest rate in effect for the 12-month period preceding the date of calculation or (ii) the interest rate in effect on the date of calculation.

(f) For any Credit Obligation for which a binding commitment, letter of credit or other credit arrangement providing for the extension of such Credit Obligation beyond its original maturity date exists, the computation of Maximum Annual Debt Service will be made on the assumption that such Credit Obligation will be amortized either (i) in accordance with such credit arrangement or (ii) over a period of 30 years from its original maturity date, whichever is longer.

Section 6.12 Continuing Disclosure. (a) General. The University desires to comply with the provisions of Section (b)(5)(i) of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission (“SEC”) providing for continuing disclosure. In order to accomplish this, the University covenants to do the following:

(i) The University shall annually provide certain financial information and operating data in accordance with the provisions of Section (b)(5)(i) of the Rule, as follows:

(1) audited financial statements, prepared in accordance with generally accepted accounting principles will be provided; and

(2) the operating data with respect to the University of the type appearing in portions of the Official Statement in final form describing the University under the following headings in Appendix A: Admission Policy and Students; Enrollment; Summary of Unrestricted Current Fund Revenues, Expenditures and other Changes; General Fund Appropriations from the Commonwealth; and Tuition and Financial Assistance.

(ii) The University shall annually provide the financial information and operating data described in subsection (a)(i) above (the “Continuing Disclosure”) within seven months after the end of the University’s fiscal year, commencing with the University’s fiscal year ending June 30, 2004, to each nationally recognized municipal securities information repository (“NRMSIR”) and to the appropriate state information depository (“SID”) if any is hereafter created.

(iii) Any of the Continuing Disclosure may be included by specific reference to other documents previously provided to each NRMSIR and to the appropriate SID, if any is hereafter created, or filed with the SEC; provided, however, that any final official statement incorporated by reference must be available from the Municipal Securities Rulemaking Board (the “MSRB”).

(iv) The University shall provide in a timely manner to each NRMSIR or the MSRB and to the appropriate SID, if any is hereafter created, notice specifying any failure of the University to provide the Continuing Disclosure by the date specified in subsection (a)(ii).

(b) Event Disclosure. The University shall provide in a timely manner to each NRMSIR or the MSRB and with the appropriate SID, if any is hereafter created, notice of the incurrence of any of the following events with respect to the Bonds, if material:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on any credit enhancement reflecting financial difficulties;
- (v) substitution of credit or liquidity provider, or their failure to perform;
- (vi) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (vii) modifications to rights of Bondholders;
- (viii) bond calls;
- (ix) defeasance of all or any portion of the Bonds;
- (x) release, substitution, or sale of property securing repayment of the Bonds; and
- (xi) rating changes.

(c) Termination. The covenants and obligations of the University specified in subsections (a) and (b) above will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all of the Bonds.

(d) Amendment. The University will modify its obligations contained in subsections (a) and (b) above to comply with subsequent changes to the Rule which shall not require the consent of Bondholders. The University also reserves the right to modify its obligations contained in subsections (a) and (b) above without the consent of Bondholders, provided that such modification complies with the Rule as it exists at the time of modification.

(e) Additional Disclosure. The University may from time to time disclose information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, the University shall not incur any obligation to continue to provide, or to update, such additional information or data.

(f) No Default. (i) If the University fails to comply with any covenant or obligation specified in this Section 6.12, any holder (within the meaning of the Rule) of Bonds then outstanding may, by notice to the University, proceed to protect and enforce its rights and the rights of the holders by an action for specific performance of the University's covenant to provide financial

information, operating data and event disclosure. If the information provided by the University under this Section is considered inadequate, the holders of not less than twenty-five percent (25%) in the aggregate principal amount of Bonds outstanding may take such actions as may be necessary or appropriate to compel performance by the University of its obligation.

(ii) Notwithstanding the foregoing, a failure of the University to provide any report or notice under this Section 6.12 shall not be deemed an event of default under this Resolution or the Bonds, and the sole remedy to comply with its undertaking in this Section shall be an action to compel performance. Nothing in this provision shall be deemed to restrict the rights or remedies of any holder pursuant to the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, or other applicable laws.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default. Each of the following events is hereby declared to be an “Event of Default” under this Resolution:

(a) due and punctual payment of the principal or redemption premium, if any, of any of the Bonds is not made when the same become due and payable, either at maturity or by proceedings for redemption or otherwise;

(b) due and punctual payment of any installment of interest on any of the Bonds is not made when the same becomes due and payable;

(c) the University, for any reason, is rendered incapable of fulfilling its obligations hereunder;

(d) an order or decree is entered, with the consent or acquiescence of the University, appointing a receiver or receivers of the University or any part thereof or of the revenues thereof, or if such order or decree, having been entered without the consent or acquiescence of the University, is not vacated or discharged or stayed on appeal within 60 days after the entry thereof;

(e) any proceeding is instituted, with the consent or acquiescence of the University, for the purpose of effecting a composition between the University and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted; or

(f) the University defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Resolution on the part of the University to be performed (except as provided in Section 6.12), and such default continues for 30 days after written notice specifying such default and requiring same to be remedied is given to the Board by any Bondholder, provided that if such default is such that it can be corrected but cannot be corrected within such 30 day period, it shall not constitute an Event of Default if

corrective action is instituted by the University within such period and is diligently pursued until the default is corrected.

Section 7.2 Remedies. (a) Upon the happening and continuance of an Event of Default, the holders of the Bonds shall be entitled to all the benefits and subject to all the provisions of Section 23-20 of the Act, which provides that in the event the University shall default in the payment of principal of or interest on the Bonds after the same shall become due, whether at maturity or upon call for redemption, and such default shall continue for a period of thirty days, or in the event that the University shall fail or refuse to comply with the provisions of the Act, or shall default in any agreement made with the holders of the Bonds, the holders of not less than 25% in aggregate principal amount of the Bonds, by instrument or instruments filed with the Governor and proved or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the holders of the Bonds for the purposes herein and in the Act provided.

Such trustee may, and upon written request of the holders of not less than 25% in principal amount of the Bonds then outstanding shall, in its own name:

(1) By mandamus or other suit, action or proceeding at law or in equity enforce all rights of the holders of the Bonds, including the right to require the University and its Board to collect fees, rents, charges or other revenues adequate to carry out an agreement as to, or pledge of, such revenues, and to require the University and Board to carry out any other agreements with the holders of the Bonds and to perform it and their duties under the Act;

(2) Bring suit upon the Bonds;

(3) By action or suit in equity, require the University to account as if it were the trustee of an express trust for the holders of the Bonds; or

(4) By action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the Bonds.

Any such trustee, whether or not all such Bonds have been declared due and payable, shall be entitled as of right to the appointment of a receiver who may enter and take possession of any property of the University any of the revenues from which are pledged for the security of the Bonds and operate and maintain the same and collect and receive all fees, rents, charges and other revenues thereafter arising therefrom in the same manner as the University itself might do and shall deposit all such moneys in a separate account and apply the same in such manner as the court appointing such receiver shall direct. In any suit, action or proceeding by the trustee the fees, counsel fees and expenses of the trustee and of the receiver, if any, shall constitute taxable costs and disbursements and all costs and disbursements allowed by the court shall be a first charge on any fees, rents, charges and other revenues of the University pledged for the security of the Bonds.

Such trustee shall, in addition to the foregoing, have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth herein or incident to the general representation of the holders of the Bonds in the enforcement and protection of their rights.

(b) To the extent permitted by law, in addition to and not in limitation of the rights and remedies provided in subsection (a) of this Section, upon the happening and continuance of any Event of Default, then and in every such case any Bondholder may proceed, subject to the provisions of Section 7.5, to protect and enforce the rights of the Bondholders by a suit, action or special proceeding in equity or at law, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy as such Bondholder shall deem most effectual to protect and enforce such rights.

Section 7.3 Pro Rata Application of Funds. Anything in this Resolution to the contrary notwithstanding, except as otherwise provided in Section 7.2(a), if at any time the moneys available in the Debt Service Fund shall not be sufficient to pay the interest on or the principal of the Bonds as the same shall become due and payable, such moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied as follows:

(a) If the principal of all the Bonds shall not have become due and payable, all such moneys shall be applied

first: to the payment to the persons thereto of all installments of interest then due and payable in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds; and

second: to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due and payable (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Resolution), in the order of their due dates, with interest on the principal amount of such Bonds at the respective rates specified therein from the respective dates upon which such Bonds became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the Bonds due and payable on any particular date, together with such interest, then to the payment first of such interest, ratably, according to the amount of such interest due on such date, and then to the payment of such principal, ratably, according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference.

(b) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid on the Bonds, without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due, respectively, for principal and interest, to the persons entitled thereto, without any discrimination or preference.

Whenever moneys are to be applied by the State Treasurer pursuant to the provisions of this Section, such moneys shall be applied by the State Treasurer at such times, and from time to time, as

the State Treasurer in his or her sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; the deposit of such moneys with any Paying Agent, or otherwise setting aside such moneys, in trust for the proper purpose shall constitute proper application by the State Treasurer; and the State Treasurer shall incur no liability whatsoever to the Board, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the State Treasurer acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Resolution as may be applicable at the time of application by the State Treasurer. Whenever the State Treasurer shall exercise such discretion in applying such moneys, he or she shall fix the date (which shall be an interest payment date unless the State Treasurer shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The State Treasurer shall give such notice (or shall cause the Paying Agent to give such notice) as he or she may deem appropriate of the fixing of any such date and shall not be required to make payment to the holder of any Bond until such Bond shall be surrendered to the State Treasurer or any Paying Agent for appropriate endorsement, or for cancellation if fully paid.

Notwithstanding anything in this Resolution to the contrary, this Section 7.3 shall be interpreted so that term “Bonds” shall include both the Bonds and any Parity Credit Obligations. In each resolution authorizing the issuance of any Parity Credit Obligation, the University agrees to provide for the paying agent thereunder to be the same as the Paying Agent under this Resolution, and further agrees to include provisions substantially identical to those contained in this Section 7.3.

Section 7.4 Effect of Discontinuance of Proceedings. In case any proceeding taken by any Bondholder on account of any Event of Default shall have been discontinued or abandoned for any reason, then and in every such case the University and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights and remedies of the Bondholders shall continue as though no such proceeding had been taken.

Section 7.5 Proceedings for Equal Benefit of All Bondholders. No Bondholder shall have any right in any manner whatever to affect, disturb or prejudice the security of this Resolution or to enforce any right hereunder, except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Bondholders.

Section 7.6 No Remedy Exclusive. No remedy herein conferred on the Bondholders is intended to be exclusive of any other remedy or remedies, and each and every remedy conferred shall be cumulative and shall be in addition to every other remedy given hereunder and under the Act or now or hereafter existing at law or in equity or by statute.

Section 7.7 No Delay or Omission Construed to Be a Waiver. No delay or omission of any Bondholder to exercise any right or power accruing upon any Event of Default occurring and continuing as aforesaid shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Article to the Bondholders may be exercised from time to time and as often as may be deemed expedient.

ARTICLE VIII

EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOF OF OWNERSHIP OF BONDS

Section 8.1 **Execution of Instruments; Proof of Ownership.** Any request, direction, consent or other instrument in writing required or permitted by this Resolution to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders or their attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Resolution and shall be conclusive in favor of the University and the State Treasurer with regard to any action taken by them under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him or her, or by an affidavit of a witness to such execution. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership such verification or affidavit shall also constitute sufficient proof of his or her authority.

(b) The fact of the holding of Bonds hereunder by any Bondholder and the amount and the numbers of such Bonds and the date of its holding the same shall be proved by the registration books kept under the provisions of Section 2.7.

ARTICLE IX

SUPPLEMENTAL RESOLUTIONS

Section 9.1 **Supplemental Resolutions.** The University may, from time to time and at any time, subject to the approval of the Governor and the Treasury Board, but without the consent of any holders of the Bonds, adopt such resolutions supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental resolutions shall thereafter form a part hereof), as follows:

(a) to cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Resolution or in any supplemental resolution,

(b) to provide for the issuance of certificated Bonds pursuant to Section 2.11, to accommodate an amendment or supplement to any document pursuant to which a Securities Depository holds the Bonds in book-entry form, or to obtain or maintain a rating for the Bonds,

(c) to grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders,

(d) to add new conditions, limitations and restrictions on the issuance of other Credit Obligations by the University,

(e) to add to the covenants and agreements of the Board in this Resolution other covenants and agreements thereafter to be observed by the Board or to surrender any right or power herein reserved to or conferred upon the Board,

(f) to comply with any proposed, temporary or permanent regulations regarding the arbitrage rebate requirements of the Code, to comply with any other provision of the Code to maintain the tax-exempt status of interest on the Bonds, or to comply with Federal or state securities or "blue sky" laws, or

(g) to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in this Resolution, if in the opinion of the State Treasurer, who may rely upon a written opinion of counsel nationally recognized in matters concerning municipal bonds, such supplemental resolution shall not materially adversely affect or prejudice the interests of the Bondholders.

At least 30 days prior to the adoption of any supplemental resolution for any of the purposes of this Section, the Secretary of the Board shall cause a notice of the proposed adoption of such supplemental resolution to be mailed, postage prepaid, to all registered owners of Bonds at their addresses as they appear on the registration books. Such notice shall briefly set forth the nature of the proposed supplemental resolution and shall state that copies thereof are on file at the office of the Secretary of the Board for inspection by all Bondholders. A failure on the part of the Secretary of the Board to mail the notice required by this Section shall not affect the validity of such supplemental resolution.

Section 9.2 Modification of Resolution with Consent of Holders. Subject to the terms and provisions contained in this Section, and not otherwise, the holders of not less than two-thirds in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in this Resolution to the contrary notwithstanding, to consent to and approve the adoption, subject to the approval of the Governor and the Treasury Board, of such resolution or resolutions supplemental hereto as shall be deemed necessary or desirable by the Board for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution or in any supplemental resolution; provided, however, that nothing herein contained shall permit, or be construed as permitting, without the approval of all of the Bondholders, (a) an extension of the maturity of the principal of or the interest on any Bond issued hereunder, (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, (c) except as otherwise provided herein, a preference or priority of any Bond or Bonds over any other Bond or Bonds, (d) except as otherwise provided herein, the release of the lien created by this Resolution with respect to any Pledged General Revenues, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental resolution. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the adoption of any supplemental resolution as authorized in Section 9.1 of this Article.

If at any time the Board shall determine that it is necessary or desirable to adopt any supplemental resolution for any of the purposes of this Section, the Secretary of the Board shall cause notice of the proposed adoption of such supplemental resolution to be mailed, not less than 30 nor more than 60 days prior to the date of such adoption, postage prepaid, to all registered owners of the Bonds at their addresses as they appear on the registration books held by the State Treasurer or Registrar. Such notice shall briefly set forth the nature of the proposed supplemental resolution and shall state that copies thereof are on file at the office of the Secretary of the Board for inspection by all Bondholders. The Board shall not, however, be subject to any liability to any Bondholder by reason of its failure to cause the notice required by this Section to be mailed and any such failure shall not affect the validity of such supplemental resolution when consented to and approved as provided in this Section.

Whenever, at any time within one year after the date of such notice, the Board shall deliver to the State Treasurer an instrument or instruments in writing purporting to be executed by the holders of not less than two-thirds or all, as appropriate, in aggregate principal amount of the Bonds then outstanding, which instrument or instruments shall refer to the proposed supplemental resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Board may adopt such supplemental resolution in substantially such form, without liability or responsibility to any holder of any Bond, whether or not such holder shall have consented thereto.

If the holders of not less than two-thirds or all, as appropriate, in aggregate principal amount of the Bonds outstanding at the time of the adoption of such supplemental resolution shall have consented to and approved the adoption thereof as herein provided, no Bondholder shall have any right to object to the adoption of such supplemental resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Board from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any supplemental resolution pursuant to the provisions of this Section, this Resolution shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the University, the Board, the State Treasurer and all holders of Bonds then outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Resolution as so modified and amended.

Section 9.3 Supplemental Resolutions Part of This Resolution. Any supplemental resolution adopted in accordance with the provisions of this Article and approved by the Governor and the Treasury Board shall thereafter form a part of this Resolution, and all of the terms and conditions contained in any such supplemental resolution as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Resolution for any and all purposes. In case of the adoption and approval of any supplemental resolution, express reference may be made thereto in the text of any Bonds issued thereafter, if deemed necessary or desirable by the Board.

Section 9.4 Amendments of Resolution Prior to Delivery of Bonds. On or prior to the delivery of the Bonds, the University's Executive Vice President or the University's Treasurer may make such changes to this Resolution as shall be necessary to accurately reflect all negotiations among the University, the State Treasurer and the Underwriters with respect to the structuring of the financing, including, without limitation, the terms and provisions of the Bonds, the dates and amounts set forth in Section 2.2, the redemption provisions set forth in Section 3.1 whether any of the refunding contemplated by this Resolution is to be excluded from the financing and whether the Bonds are to be insured or credit enhanced, in whole or in part; provided, however, that no such amendment shall increase the principal amount of the Bonds by greater than 10%. On or prior to the delivery of the Bonds, the University's Executive Vice President or the University's Treasurer shall deliver to the Secretary of the Board a copy of this Resolution with all of the changes referred to in the preceding sentence (the "Final Resolution"), together with a certificate of the University's Executive Vice President or the University's Treasurer to the effect that the resolution so delivered is the Final Resolution. The Secretary shall file such Final Resolution with the minutes of the meeting at which this Resolution is adopted. The certificate of the University's Executive Vice President or the University's Treasurer referred to above shall be conclusive evidence that any changes made are approved and effective as if such Final Resolution were adopted by the Board.

ARTICLE X

DEFEASANCE

Section 10.1 Defeasance. If, when (i) the Bonds secured hereby shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call such Bonds for redemption shall have been given by the University to the Paying Agent, (ii) the whole amount of the principal, premium, if any, and the interest so due and payable upon all of such Bonds then outstanding shall be paid or sufficient moneys, or direct obligations of the United States of America or obligations unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, the principal of and the interest on which when due upon maturity or the earliest redemption date (if such obligations are subject to redemption prior to maturity) will provide sufficient moneys, shall be held by the State Treasurer or the Paying Agent for such purpose under the provisions of this Resolution, and (iii) provision shall also be made for paying all other sums payable hereunder by the University, then and in that case the right, title and interest of the holders of such Bonds in the revenues, funds and accounts mentioned in this Resolution shall thereupon cease, determine and become void. If all the Bonds issued hereunder shall have been paid or provided for, the Board in such case shall repeal and cancel this Resolution and may apply any balances remaining in any funds or accounts (other than moneys held for the redemption or payment of Bonds) to any lawful purpose of the University as the Board shall determine with the concurrence of the State Treasurer; otherwise this Resolution shall be, continue and remain in full force and effect; provided, however, that in the event direct obligations of the United States of America or obligations unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, shall be deposited with and held by the State Treasurer or the Paying Agent as hereinabove provided, in addition to the requirements set forth in Article III of this Resolution, the State Treasurer shall within thirty days after such obligations shall have been deposited with it cause a notice signed by the State Treasurer

to be published once in a Daily Newspaper of general circulation published in the City of Richmond, Virginia, and in a Daily Newspaper of general circulation or a financial journal published in the Borough of Manhattan, City and State of New York, and to be mailed to each Bondholder at its address as set forth in the registration books held by the State Treasurer or the Registrar setting forth (a) the date designated for the redemption of the Bonds, (b) a description of the obligations so held by it, (c) that this Resolution has been repealed and canceled in accordance with the provisions of this Section and (d) whether the University has retained the right to call the Bonds for redemption prior to their maturity.

If (x) cash, or direct obligations of the United States of America or obligations unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, the principal of and the interest on which when due upon maturity or the earliest redemption date (if such obligations are subject to redemption prior to maturity) will provide cash, sufficient to pay the whole amount of the principal of and premium, if any, and interest on any Bonds when due (whether at maturity or upon acceleration or call for redemption or otherwise), shall be held by the Paying Agent, and (y) if such Bonds are to be redeemed prior to the maturity thereof, such Bonds shall have been duly called for redemption or irrevocable instructions so to call such Bonds for redemption shall have been given by the University to the Paying Agent, then such Bonds shall be deemed paid and no longer outstanding hereunder.

All moneys and obligations held by the State Treasurer or the Paying Agent pursuant to this Section shall be held in trust and the principal and interest of such obligations when received, and such moneys, applied to the payment, when due, of the principal and the interest and the premium, if any, of the Bonds at maturity or upon their redemption date if so called for redemption.

ARTICLE XI

MISCELLANEOUS PROVISIONS

Section 11.1 Effect of Covenants. All covenants, stipulations, obligations and agreements of the University and the Board contained in this Resolution shall be deemed to be covenants, stipulations, obligations and agreements of the University and the Board to the full extent authorized by the Act or permitted by the Constitution of Virginia. All such covenants, stipulations, obligations and agreements shall be binding upon the successor or successors thereof from time to time and upon any officer, board, body or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

No covenant, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future director, member, agent or employee of the University or the Board in his or her individual capacity, and neither the Governor, the State Treasurer nor the members of the Board, the Treasury Board or of any other agency of the Commonwealth nor any officer thereof or of the University, present or future, executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 11.2 Successor Paying Agents or Registrars. Any bank or trust company authorized to do business in the Commonwealth may be appointed by the University, with the written consent of the State Treasurer, or by the State Treasurer as successor Paying Agent or Registrar hereunder and immediately upon acceptance of such appointment shall be deemed the successor of the Paying Agent or Registrar for the purposes of this Resolution. The State Treasurer shall give notice to the University and to any Rating Agency of its appointment of any successor Paying Agent or Registrar. The reasonable fees and expenses of any such successor Paying Agent or Registrar shall be the sole obligation of the University and shall constitute a pledge of the Pledged General Revenues prior to the Bonds, to the extent such fees and expenses are unpaid.

Section 11.3 Manner of Giving Notice. Any notice, demand, direction, request or other instrument authorized or required by this Resolution to be given to or filed with the University or the State Treasurer shall be deemed to have been sufficiently given or filed for all purposes of this Resolution if and when sent by registered or certified mail, return receipt requested:

(a) to the University, if addressed to the Board of Visitors of Virginia Polytechnic Institute and State University, 210B Burruss Hall, Blacksburg, Virginia 24061 (Attention: Executive Vice President); and

(b) to the State Treasurer, if addressed to the State Treasurer of the Commonwealth of Virginia, 101 North 14th Street, Richmond, Virginia 23219.

Section 11.4 Alternative Notice. If, because of the temporary or permanent suspension of publication of any newspaper or financial journal or suspension of the mails or for any other reason, the University, the Board or the State Treasurer shall be unable to give any notice required to be published or mailed by the provisions of this Resolution, the University, the Board or the State Treasurer, as the case may be, shall give such notice in such other manner as in the judgment of the Board or the State Treasurer shall most effectively approximate such publication thereof, and the giving of such notice in such manner shall for all purposes of this Resolution be deemed to be compliance with the requirement for the publication thereof.

Section 11.5 Effect of Partial Invalidity. In case any one or more of the provisions of this Resolution or of the Bonds issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Resolution or of the Bonds, but this Resolution and the Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the Bonds or in this Resolution shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the University to the full extent permitted by law.

Section 11.6 Governing Law. This Resolution is adopted with the intent that the laws of the Commonwealth shall govern its construction.

Section 11.7 Filings. The Secretary of the Board is hereby authorized and directed to file a certified copy of this Resolution with the Governor and the Treasury Board.

Section 11.8 Approval, Execution and Delivery of Necessary and Appropriate Documents. The Preliminary Official Statement of the University relating to the offering of the Bonds for sale, and the distribution thereof by the Underwriters, are hereby approved, ratified and confirmed. The University's Executive Vice President or the University's Treasurer is authorized to "deem final" the Preliminary Official Statement as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. The University's Executive Vice President or the University's Treasurer is also authorized to negotiate, execute and deliver and deem final, in necessary and appropriate form, the following documents:

- (a) a final Official Statement relating to the offering of the Bonds for sale, in substantially the form presented at the meeting at which this Resolution is adopted;
- (b) the Bond Purchase Agreement relating to the purchase of the Bonds, in substantially the form presented at the meeting at which this Resolution is adopted, such Bond Purchase Agreement providing for a maximum true interest cost of 5.0%;
- (c) the Escrow Deposit Agreement, with an Escrow Agent selected by the University Treasurer prior to issuance of the Bonds, in substantially the form presented at the meeting at which this Resolution is adopted; and
- (d) such other documents and instruments as he deems necessary or appropriate in connection with the issuance of the Bonds, so long as such documents and instruments do not conflict with the intent of this Resolution.

Section 11.9 Bond Delivery. All directors, officers and employees of the University are hereby authorized to take all actions necessary to accomplish the delivery of the Bonds to the purchasers thereof.

Section 11.10 Repeal of Inconsistent Provisions. Any prior resolutions or provisions of resolutions of the Board inconsistent with any provisions of this Resolution are hereby repealed.

No. R-

**UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA**

**VIRGINIA POLYTECHNIC INSTITUTE
AND STATE UNIVERSITY**

**GENERAL REVENUE PLEDGE REFUNDING BOND
SERIES 2004A**

INTEREST RATE:	MATURITY DATE:	DATED DATE:	CUSIP:
%	June 1, ____	May 1, 2004	

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The Virginia Polytechnic Institute and State University (the "University"), an educational institution established by the Commonwealth of Virginia, for value received, hereby promises to pay, solely from the revenues provided therefor, as hereinafter set forth, to the registered owner named above, on the maturity date set forth above (or earlier as hereinafter set forth), upon the presentation and surrender hereof, the principal sum set forth above and to pay, solely from such revenues, interest thereon from the date hereof at the rate per annum set forth above, until payment of said principal sum. Both the principal of and the interest on this Bond are payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal or redemption price of this Bond shall be payable, upon surrender of this Bond, at the office of the State Treasurer of the Commonwealth of Virginia, Richmond, Virginia, as Paying Agent (the "Paying Agent"), or at the principal corporate trust office of any successor Paying Agent appointed pursuant to the Bond Resolution (hereinafter defined). Payment of interest on this Bond shall be made by check or draft mailed on the applicable Interest Payment Date to the registered owner as of the close of business on the 15th date of the month immediately preceding such Interest Payment Date (a "Record Date") at its address as it appears in the registration books of the Paying Agent, as Registrar (the "Registrar"), or any successor Registrar appointed pursuant to the Bond Resolution. Notwithstanding the foregoing, if and for so long as Cede & Co. or any other nominee of The Depository Trust Company, New York, New York, is registered owner of all of the Bonds, the principal of and premium, if any, on this Bond shall be paid to Cede & Co. or such other nominee as provided under the Bond Resolution described below. The term "Interest Payment Date" means each June 1 and December 1, commencing December 1, 2004 (unless such date is not a Business Day, in which event payment of interest shall be made on the next succeeding Business Day).

This Bond shall bear interest from the Interest Payment Date next preceding the date on which it is authenticated, unless this Bond is (a) authenticated before the first Interest Payment Date

following the initial delivery of the Bonds, in which case it shall bear interest from May 1, 2004, or (b) authenticated upon an Interest Payment Date, in which case it shall bear interest from such Interest Payment Date; provided, however, that if at the time of authentication of this Bond interest is in default, this Bond shall bear interest from the date to which interest has been paid. Interest on this Bond shall be computed on the basis of a 360-day year of twelve 30-day months.

The University shall not be obligated to pay the principal of or interest on this Bond except from the Pledged General Revenues of the University and other legally available moneys, all as provided in the Bond Resolution. This Bond and the interest hereon shall not be deemed to constitute a debt or liability of the Commonwealth of Virginia, legal, moral or otherwise. Neither the Commonwealth of Virginia nor the University shall be obligated to pay the principal of or interest on this Bond or other costs incident hereto except from the sources noted above, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia are pledged to the payment of the principal of or interest on this Bond or other costs incident thereto.

This Bond is one of a duly authorized issue of Bonds of the University aggregating \$_____ in principal amount, known as "General Revenue Pledge Refunding Bonds, Series 2004A (the "Bonds"), issued pursuant to a resolution adopted by the Board of Visitors of the University (the "Board") on March 29, 2004 (the "Bond Resolution"). This Bond is issued and the Bond Resolution was adopted under and pursuant to the Constitution and laws of the Commonwealth of Virginia, particularly Chapter 3, Title 23, Code of Virginia of 1950, as amended (the "Act"). Reference is hereby made to the Bond Resolution for the provisions, among others, with respect to the custody and application of the proceeds of Bonds issued under the Bond Resolution, the funds charged with and pledged to the payment of the interest on and the principal of the Bonds, the nature and extent of the security, the terms and conditions on which the Bonds are or may be issued, the rights, duties and obligations of the University and the rights of the holders of the Bonds. Capitalized terms not defined herein shall be as defined in the Bond Resolution. By the acceptance of this Bond, the holder hereof assents to all of the provisions of the Bond Resolution.

The Bonds maturing on or after June 1, 20__, are subject to optional redemption by the University on or after June 1, 20__, in whole or in part at any time (in any integral multiple of \$5,000) at the redemption prices (expressed as percentages of principal amount of Bonds to be redeemed) set forth below plus accrued interest to the redemption date:

<u>Redemption Period</u>	<u>Price</u>
June 1, 20__ through May 31, 20__	102%
June 1, 20__ through May 31, 20__	101%
June 1, 20__ and thereafter	100%

The Bonds that are stated to mature on June 1, 20__ shall be subject to mandatory redemption by the University at a redemption price of 100% of the principal amount thereof plus accrued interest, on June 1 in the following years and in the following amounts:

<u>Year</u>	<u>Amount</u>
20__	\$
20__	
20__ (final maturity)	

The Bonds that are stated to mature on June 1, 20__ shall be subject to mandatory redemption by the University at a redemption price of 100% of the principal amount thereof plus accrued interest, on June 1 in the following years and in the following amounts:

<u>Year</u>	<u>Amount</u>
20__	\$
20__	
20__ (final maturity)	

If less than all of the Bonds are to be called for redemption, the Bonds to be redeemed shall be selected by the University.

If any of the Bonds or portions thereof are called for redemption, the Paying Agent shall mail a notice of the call for redemption, identifying the Bonds or portions thereof to be redeemed, not less than 30 nor more than 60 days prior to the redemption date, to the registered owner of each Bond to be redeemed, at its address as it appears on the registration books kept by the Registrar. Provided funds for their redemption are on deposit at the place of payment on the redemption date, all Bonds so called for redemption shall cease to bear interest on such date, shall no longer be secured by the Pledged General Revenues and shall not be deemed to be outstanding under the terms of the Bond Resolution. If a portion of this Bond is called for redemption, a new Bond in principal amount equal to the unredeemed portion hereof will be issued to the registered owner upon the surrender hereof.

This Bond is transferable by the registered owner, in person or by its attorney duly authorized in writing, at the office of the Registrar, upon presentation of a written instrument of transfer and surrender of this Bond to the Registrar for cancellation. Upon the transfer, a new Bond or Bonds of the same aggregate principal amount, maturity date and interest rate will be issued to the transferee. No transfer will be effective unless represented by such surrender and reissue. This Bond may also be exchanged at the office of the Registrar for a new Bond or Bonds of the same aggregate principal amount, maturity date and interest rate without transfer to a new registered owner. Exchanges and transfers will be without expense to the holder except for applicable taxes or other governmental charges, if any. The Registrar shall not be required to transfer or exchange any Bond selected or called for redemption pursuant to the provisions hereof or from a Record Date through the next succeeding Interest Payment Date. All Bonds delivered in exchange or transfer shall be dated so that neither gain nor loss results from the transfer or exchange.

The University, the Paying Agent and the Registrar may treat the registered owner as the absolute owner of this Bond for all purposes, notwithstanding any notice to the contrary.

Neither the members of the Board nor any person executing this Bond are liable personally hereon or subject to any personal liability or accountability by reason of the issuance hereof.

This Bond will not be valid until the Certificate of Authentication has been signed by the Registrar.

The holder of this Bond shall have no right to enforce the provisions of the Bond Resolution or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Resolution, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Bond Resolution.

All acts, conditions and things required by the Constitution and laws of the Commonwealth of Virginia and by the rules and regulations of the Board to happen, exist and be performed precedent to and in the issuance of this Bond have happened, exist and have been performed as so required.

IN WITNESS WHEREOF, the Virginia Polytechnic Institute and State University has caused this Bond to be issued and caused this Bond to bear the manual or facsimile signatures of its President and of its Executive Vice President or its Treasurer and its official seal to be impressed, imprinted, reproduced or lithographed hereon, all as of the 1st day of May, 2004.

[SEAL]

[Executive Vice President][Treasurer]
of Virginia Polytechnic
Institute and State
University

President of Virginia
Polytechnic Institute and
State University

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Bond Resolution.

REGISTRAR:

Date of Authentication:
_____, 2004

State Treasurer of the Commonwealth of Virginia

FORM OF ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sell, assigns and transfers unto

[Please print or typewrite name and address, including zip code, of Transferee]

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBERS OF TRANSFEREE

the within Bond and all rights, thereunder, and hereby irrevocably constitutes and appoints
_____ attorney to transfer the within Bond on the books
kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Registered Owner

NOTICE: The signature above must correspond with the name of the Registered Owner as it appears on the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guarantee

The signature of the transferor of this Bond must be guaranteed by an institution participating in the Securities Transfer Agent Medallion Program ("STAMP") or similar program.)

Please affix signature guarantee ink stamp below with appropriate signature, title of officer and date:

Signature

Title

Date

RECOMMENDATION:

That the above General Revenue Pledge Refunding Resolution identifying the President, the Executive Vice President and University Treasurer as authorized officers to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the sale and issuance of the bonds be approved.

March 29, 2004

**VIRGINIA POLYTECHNIC INSTITUTE
AND STATE UNIVERSITY**

SERIES RESOLUTION

**AUTHORIZING AND SECURING
DORMITORY AND DINING HALL SYSTEM AND
GENERAL REVENUE PLEDGE REFUNDING BONDS, SERIES 2004B**

ADOPTED ON MARCH 29, 2004

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Exhibit A - Form of Bonds

A SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY DORMITORY AND DINING HALL SYSTEM AND GENERAL REVENUE PLEDGE REFUNDING BONDS, SERIES 2004B, TO REFUND CERTAIN EXISTING REVENUE BONDS; PLEDGING TO THE PAYMENT OF THE PRINCIPAL OF AND THE INTEREST ON SUCH BONDS CERTAIN GENERAL REVENUES AND THE NET REVENUES OF THE UNIVERSITY'S DORMITORY AND DINING HALL SYSTEM AS PROVIDED HEREIN; AWARDING THE BONDS; APPOINTING THE PAYING AGENT.

RECITALS

A. By Chapter 11, Title 23, Code of Virginia of 1950, as amended, there is created a corporation under the name and style of the Virginia Polytechnic Institute and State University (the "University"), which is governed by a Board of Visitors (the "Board"), which is vested with the supervision, management and control of the University.

B. By Chapter 3, Title 23, Code of Virginia of 1950, as amended (the "Act"), the University is classified as an educational institution, is declared to be a public body and is constituted a governmental instrumentality for the dissemination of education.

C. On August 26, 1996 the Board adopted a resolution providing for the issuance of dormitory and dining hall system revenue bonds pursuant to the Act (the "Master Resolution").

D. The Board has determined to refund certain principal maturities of the University's outstanding Dormitory and Dining Hall System and General Revenue Pledge Bonds, Series 1996B (the "Series 1996 Bonds"), issued pursuant to the Master Resolution and a series resolution adopted by the Board on August 26, 1996.

E. For the purpose of providing funds to finance a portion of the costs of refunding certain of the Series 1996 Bonds, the Board has determined to issue dormitory and dining hall system and general revenue pledge bonds of the University (the "Bonds") under the Master Resolution pursuant to this Series Resolution, in accordance with Sections 2.10 and 10.2 of the Master Resolution.

F. The Board has ascertained (a) the estimated annual revenues to be derived by the University from its operation and ownership of the University's dormitory and dining hall system (the "System") based on the fees, rents and charges to be fixed, charged and collected for or in connection with the use, occupation or services of the facilities comprising the System, and (b) the estimated annual expenses of maintaining, repairing and operating the System, and has determined that sufficient revenues will be derived from its operation and ownership of the System, after the payment of such expenses of maintenance, repair and operation to pay the principal of and the interest on the bonds hereinafter authorized to be issued under this Series Resolution, the Series 1996 Bonds not being refunded by the Bonds and to meet other requirements of this Series Resolution and the Master Resolution.

G. The Board has determined that the Bonds will also be secured by a pledge of certain general revenues of the University as contemplated by the Act and as more particularly described herein.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF VISITORS OF VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY:

**ARTICLE I
DEFINITIONS**

Section 1.1 Definitions. Unless otherwise required by the context, all terms used herein which are defined in the Master Resolution shall have the meanings assigned to them therein. These additional terms shall have the following meanings:

“Balloon Credit Obligation” means any Credit Obligation, 25% or more of the original principal amount of which matures during any consecutive twelve-month period, if such maturing principal amount is not required to be amortized below such percentage by mandatory redemption or prepayment before such twelve-month period. Balloon Credit Obligation does not include any Credit Obligation that otherwise would be classified hereunder as a Put Credit Obligation.

“Bond Counsel” means a firm of nationally recognized municipal bond counsel.

“Bonds” means the University’s Dormitory and Dining Hall System and General Revenue Pledge Refunding Bonds, Series 2004B, issued pursuant to this Series Resolution under the Master Resolution.

“Business Day” means any day other than a Saturday, Sunday or a day on which banking institutions are authorized or obligated by law to close in the Commonwealth or at the place where the principal corporate trust office of the Paying Agent is located.

“Credit Obligation” of the University means any indebtedness incurred or assumed by the University for borrowed money and any other financing obligation of the University that, in accordance with generally accepted accounting principles consistently applied, is shown on the liability side of a balance sheet; provided, however, that Credit Obligation shall not include any portion of any capitalized lease payment or obligation of the University under the Virginia College Building Authority’s Pooled Loan Program directly appropriated from general funds of the Commonwealth or reasonably expected to be so appropriated as certified by the Chief Financial Officer, but only to the extent such appropriation is restricted by the Commonwealth to the payment of any such obligation; and provided further that the term Credit Obligation shall be construed in accordance with the assumptions set forth in Section 4.3.

“Escrow Agent” means the Escrow Agent, as selected by the University’s Executive Vice President or the University’s Treasurer prior to the issuance of the Bonds, serving under the Escrow Deposit Agreement.

“Escrow Deposit Agreement” means the Escrow Deposit Agreement, dated as of May 1, 2004, among the University, the State Treasurer, as paying agent for the Series 1996 Bonds, and the Escrow Agent, including all amendments or supplements thereto as therein permitted.

“Escrow Fund” means the Escrow Account created pursuant to the Escrow Deposit Agreement securing the refunded Series 1996 Bonds.

“General Revenues” means, without limitation, the University’s total gross university sponsored overhead, unrestricted endowment income, tuition and fees, indirect cost recoveries, auxiliary enterprise revenues, general and nongeneral fund appropriations and other revenues not required by law to be used for another purpose.

“Guaranty” means any obligation of the University guaranteeing any indebtedness of another person in any manner, whether directly or indirectly, including but not limited to obligations, contingent or otherwise (i) to purchase such indebtedness or any property constituting security for it, (ii) to advance or supply funds (1) for the purchase or payment of such indebtedness or (2) to maintain working capital or other balance sheet condition, (iii) to purchase securities or other property or services primarily to assure the owner of such indebtedness of the primary obligor’s ability to make payment of the indebtedness, or (iv) otherwise to assure the owner of such indebtedness against loss in respect thereof.

“Interest Payment Date” means December 1, 2004 and each June 1 and December 1 thereafter (unless such date is not a Business Day, in which event payment of interest shall be made on the next succeeding Business Day).

“Master Resolution” means that Resolution providing for the issuance of dormitory and dining hall system revenue bonds, adopted by the Board on August 26, 1996, as it may be supplemented and amended.

“Maximum Annual Debt Service” means the aggregate of the principal of (whether at maturity, by mandatory redemption or mandatory prepayment or acceleration) and interest on all outstanding Credit Obligations of the University payable during a particular Fiscal Year; provided that the amount of such payments shall be calculated in accordance with the assumptions set forth in Section 4.3.

“Paying Agent” means the State Treasurer or a commercial bank or trust company having a combined capital and surplus of not less than \$50,000,000, and any successors to its duties hereunder, as selected by the University’s Executive Vice President or the University’s Treasurer prior to the issuance of the Bonds.

“Pledged General Revenues” means any or all of the General Revenues of the University which are not required by law or by binding contract entered into on or prior to the date of issuance of the Bonds to be devoted to some other purpose, including any General Revenues added to Pledged General Revenues pursuant to Section 4.2, but not including any General Revenues excluded from Pledged General Revenues pursuant to Section 4.2.

“Project” means any facilities financed with the proceeds of the Series 1996 Bonds.

“Put Credit Obligation” means any Credit Obligation that is (i) payable or required to be purchased by or on behalf of the underlying obligor, at its owner’s option, before its stated maturity date or (ii) payable or required to be purchased from the owner by or on behalf of the underlying obligor (other than at the owner’s option) before its stated maturity date.

“Rating Agency” mean Moody’s Investors Service, Inc. and/or Standard & Poor’s Ratings Group, a division of The McGraw-Hill Companies, if either or both of such ratings agencies has provided a rating for the Bonds.

“Record Date” means the 15th day of the month preceding each Interest Payment Date, whether or not such 15th day is a Business Day.

“Resolution” means the Master Resolution, as supplemented by this Series Resolution, together with all supplements and amendments thereto.

“Securities Depository” means The Depository Trust Company, a limited purpose trust corporation organized and existing under the laws of the State of New York, and any other securities depository for the Bonds appointed pursuant to Section 2.7.

“Series Resolution” means this Series Resolution, together with all supplements and amendments hereto.

“Series 1996 Bonds” means the Series 1996 Bonds described in Paragraph D of the Recitals to this Series Resolution.

“Underwriters” means Morgan Keegan & Company, Morgan Stanley & Co., Incorporated and Davenport & Co., LLC.

“Variable Rate Credit Obligation” means any Credit Obligation the interest rate on which is not established at the time of incurrence at a fixed or constant rate.

ARTICLE II

FORM, EXECUTION, DELIVERY, REGISTRATION AND PAYMENT OF BONDS; TAX COVENANTS

Section 2.1 Form of Bonds. The Bonds issued under the provisions of Section 2.2 shall be substantially in the form set forth in Exhibit A attached hereto, with such appropriate variations, omissions or insertions as are permitted or required by the Resolution.

Section 2.2 Issuance of Bonds. There shall be initially issued under and secured by the Resolution, Bonds of the University in the aggregate principal amount of \$1,375,000 for the purpose of providing funds to advance refund certain Series 1996 Bonds. The Bonds shall be designated

“Virginia Polytechnic Institute and State University Dormitory and Dining Hall System and General Revenue Pledge Refunding Bonds, Series 2004B”, shall be dated as of May 1, 2004, shall be numbered R-1 and up, shall be issued in denominations of \$5,000 or whole multiples of \$5,000 and shall mature on June 1 in such amounts and in such years as will be determined by the University’s Executive Vice President or the University’s Treasurer prior to the issuance of the Bonds. The Bonds shall bear interest at the rate or rates to be approved by the University’s Executive Vice President or the University’s Treasurer, with a true interest cost not to exceed 5.0% per annum. The execution of the Bonds by the University’s Executive Vice President or the University’s Treasurer shall be conclusive evidence of his approval of the maturity schedule (including any mandatory sinking fund redemption schedule) and the rate or rates payable on the Bonds.

Interest on the Bonds shall be payable on each Interest Payment Date. Each Bond shall bear interest from the Interest Payment Date next preceding the date on which it is authenticated, unless any Bond is (a) authenticated before the first Interest Payment Date following the initial delivery of the Bonds, in which case it shall bear interest from May 1, 2004 or (b) authenticated upon an Interest Payment Date, in which case it shall bear interest from such Interest Payment Date; provided, however, that if at the time of authentication of any Bond interest is in default, such Bond shall bear interest from the date to which interest has been paid.

Section 2.3 Computation of Interest. Interest on the Bonds shall be computed on the basis of a 360-day year of twelve 30-day months and shall be payable on each Interest Payment Date or other date fixed for the redemption or maturity of the Bonds.

Section 2.4 Payment of Interest on and Principal of Bonds. Principal of and premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America, but only from the revenues lawfully available therefor pursuant to the Act and pledged to the payment thereof as hereinafter provided. Principal of and premium, if any, on the Bonds shall be payable upon presentation and surrender of the Bonds as they become due at the office of the Paying Agent. Interest on Bonds shall be payable to the registered owners of Bonds by check or draft mailed to such owners at their addresses as they appear on registration books kept by the bond registrar on the 15th day of the month preceding the applicable Interest Payment Date.

Section 2.5 Determination of Payments Due; Transmittal of Payments by the State Treasurer. Not less than 20 Business Days preceding any Interest Payment Date or date on which principal of the Bonds comes due, whether by redemption or maturity, the Paying Agent shall give notice to the State Treasurer, Commonwealth of Virginia, 101 North 14th Street, Richmond, Virginia 23215, of the amount required to pay principal of, redemption premium, if any, and interest on the Bonds then coming due. Not less than 17 Business Days preceding any Interest Payment Date or date on which principal of the Bonds comes due, whether by redemption or maturity, the State Treasurer shall determine whether there are sufficient amounts available in the Bond Service Account allocable to the Bonds and the Redemption Account (if applicable) (together, such sources of money are referred to as the “Sinking Fund Moneys Available for Payment”) to pay the principal of, redemption premium, if any, and interest on the Bonds then coming due. If such Sinking Fund Moneys Available for Payment are determined by the State Treasurer to be insufficient to make such payment then coming due on the Bonds, within one Business Day thereafter the State Treasurer shall notify the University of that fact and the amount of the deficiency. After receipt of such notice, the

University, by no later than 15 Business Days prior to the due date of such payment on the Bonds, shall make available to the State Treasurer from Revenues or from Pledged General Revenues or other available moneys referred to in Section 7.14 of the Master Resolution an amount, which when added to the Sinking Fund Moneys Available for Payment, will be sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds then coming due. The State Treasurer shall wire transfer such amount then coming due on the Bonds from Revenues or other moneys made available by the University to such other Paying Agent, if any, not later than 10:00 a.m., New York time, on the date such sums are due to pay principal of, redemption premium, if any, or interest on the Bonds.

Section 2.6 Application of Proceeds of Bonds. The State Treasurer shall apply the proceeds from the sale of the Bonds as follows:

- (a) an amount equal to the accrued interest on the Bonds from their dated date through their issuance date shall be deposited into the Bond Service Account;
- (b) the amount specified in the Escrow Deposit Agreement shall be deposited into the Escrow Fund, to be used to defease and refund the Series 1996 Bonds identified in the Escrow Deposit Agreement;
- (c) the remainder shall be deposited into the Construction Fund to be used in accordance with the Master Resolution to pay costs of issuing the Bonds.

Section 2.7 Book Entry Provisions. The provisions of this Section 2.7 shall apply to the Bonds so long as all of the Bonds shall be maintained in book-entry form with a Securities Depository, any other provisions of this Resolution to the contrary notwithstanding.

(a) The principal or redemption price of and interest on the Bonds shall be payable to the Securities Depository, or registered assigns, as the registered owner of the Bonds, in same day funds on each date on which the principal of, and premium, if any, or interest on the Bonds is due as set forth in this Resolution and in the Bonds. Such payments shall be made to the offices of the Securities Depository specified by the Securities Depository to the University and Paying Agent in writing. Without notice to or the consent of the beneficial owners of the Bonds, the University and the Securities Depository may agree in writing to make payments of principal and interest in a manner different from that set out herein. If such different manner of payment is agreed upon, the University shall give the Paying Agent notice thereof, and the Paying Agent shall make payments as if set forth herein. Neither the University nor the Paying Agent shall have any obligation with respect to the transfer or crediting of the appropriate principal, premium, if any, and interest payments to participants of the Securities Depository or the beneficial owners of the Bonds or their nominees.

(b) The Paying Agent may replace any Securities Depository as the depository for the Bonds with another qualified securities depository or discontinue the maintenance of the Bonds in book-entry form at any time if the Paying Agent or the University determines to do so. Notice of any determination above shall be given to such Securities Depository at least 30 days prior to any such discontinuation (or such fewer number of days as shall be acceptable to such Securities

Depository). The Paying Agent may undertake to locate a qualified replacement Securities Depository and/or may discontinue the book-entry system of evidencing ownership of the Bonds.

(c) If the Paying Agent discontinues the maintenance of the Bonds in book-entry form, the University will issue replacement Bonds directly to the participants in the former Securities Depository or, to the extent requested by any such participant, to the beneficial owners of Bonds as further described in this Section. The Paying Agent shall notify participants and the beneficial owners of the Bonds, by mailing an appropriate notice to the Securities Depository, or by other means deemed appropriate to the Securities Depository, or by other means deemed appropriate by the Paying Agent, that the University will issue replacement Bonds directly to the participants shown on the records of the Securities Depository or, to the extent requested by any participant, to beneficial owners of Bonds shown on the records of such participant, as of a date set forth in such notice, which shall be a date at least 10 days after receipt of such notice by the Securities Depository (or such fewer number of days as shall be acceptable to the Securities Depository).

In the event that replacement Bonds are to be issued to participants in the Securities Depository or to beneficial owners of the Bonds, the University shall promptly have prepared replacement Bonds registered in the names of the participants as shown on the records of the former Securities Depository or, to the extent requested by any participant, in the names of the beneficial owners of Bonds shown on the records of such participant, as of the date set forth in the notice delivered in accordance with the immediately preceding paragraph. Replacement Bonds issued to participants in the Securities Depository or to beneficial owners shall be in fully registered form substantially in the form of Exhibit A. The form set forth in Exhibit A may be modified to include any variations, omissions or insertions that are necessary or desirable in the delivery of replacement certificates in printed form. In delivering replacement certificates, the Paying Agent shall be entitled to rely, without independent investigation, on the records of the former Securities Depository as to its participants and the records of the participants acting on behalf of the beneficial owners. The Bonds will thereafter be registrable and exchangeable as set forth in the Master Resolution.

(d) So long as there is a Securities Depository for the Bonds, (1) such Securities Depository shall be the registered owner of the Bonds, (2) transfers of ownership and exchanges shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by such Securities Depository and its participants, and (3) references in this Resolution to Bondholders, holders or registered owners of the Bonds shall mean the Securities Depository and shall not mean the beneficial owners of the Bonds.

(e) If the Paying Agent replaces any Securities Depository as the depository for the Bonds with another qualified Securities Depository, Replacement Bonds issued to such replacement Securities Depository shall have the same terms, form and content as the Bonds initially registered in the name of the predecessor Securities Depository or its nominee except for the name of the registered owner.

(f) Each Securities Depository and the participants thereof and the beneficial owners of the Bonds, by their acceptance of the Bonds, agree that the University and the Paying Agent shall have no liability or responsibility with respect to (1) the accuracy of any records maintained by such Securities Depository or any Securities Depository participant; (2) the payment by such Securities

Depository to any Securities Depository participant or by any Securities Depository participant to any beneficial owner of any amount due in respect of the principal of and premium, if any, and interest on the Bonds; (3) the delivery or timeliness of delivery by such Securities Depository to any Securities Depository participant or by any Securities Depository participant to any beneficial owner of any notice which is given to Bondholders; (4) the selection of the beneficial owners to receive payment in the event of any partial redemption of the Bonds; or (5) any consent given or other action taken by such Securities Depository or any nominee of such Securities Depository, as Bondholder.

Section 2.8 Tax Covenants. (a) The University shall not use or permit the use of any proceeds of Bonds or any other funds of the University directly or indirectly, to acquire any securities or obligation, and shall not use or permit the use of any amounts received by the University or State Treasurer with respect to the Bonds in any manner, and shall not take or permit to be taken any other action or actions, which would cause any Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code. If at any time the University is of the opinion that for purposes of this subsection it is necessary to restrict or limit the yield on the investment of any moneys held by the State Treasurer under this Resolution the University shall so instruct the State Treasurer in writing, and the State Treasurer shall take such action as may be necessary in accordance with such instructions.

(b) The University shall not use or permit the use of any proceeds of Bonds or any other funds of the University, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would result in any of the Bonds being treated as an obligation not described in Section 103(a) of the Code by reason of classification of such Bond as a “private activity bond,” an “arbitrage bond” or “bond not in registered form” within the meaning of Section 103(b) of the Code.

(c) The University shall at all times do and perform all acts and things permitted by law and this Resolution which are necessary or desirable in order to assure that interest paid on the Bonds or any of them will be excludable from gross income for federal income tax purposes and shall take no action that would result in such interest not being excludable from gross income for federal income tax purposes.

(d) The University covenants that no more than 10% of the leasable space in the Project will be leased to or used exclusively by a private entity nor will more than 10% of the revenues to be derived from the Project be payable, directly or indirectly, by a private entity.

(e) The University covenants that it shall file the information reports with respect to the Bonds required by Section 149(e) of the Code within the time periods provided in such Section.

(f) The University represents that the Bonds are not and will not be “federally guaranteed,” as such term is used in Section 49(b) of the Code.

Section 2.9 Arbitrage Rebate. The University, at its expense, shall take all steps necessary to cause the requirements of Section 148 of the Code to be complied with, including but not limited to all reporting and rebate requirements. Without limiting the generality of the foregoing the University, at its sole expense, shall: (i) pay the amount required to be paid to the United States

of America in accordance with the rebate requirement described in Section 148(f) of the Code (the “Rebate Amount”); (ii) determine the Rebate Amount for each bond year and upon payment in full of all amounts due under any Series of Bonds; (iii) retain records of all such determinations until six years after payment in full of all amounts due under the Bonds; and (iv) comply with any similar requirements contained in any temporary, proposed or permanent regulations of the Internal Revenue Service adopted with respect to Section 148(f) of the Code.

Notwithstanding anything to the contrary in this Resolution, no payment shall be made by the University or the State Treasurer to the United States of America if the University obtains an opinion of nationally recognized bond counsel to the effect that such payment is not required under Section 148 of the Code in order to prevent the Bonds from becoming “arbitrage bonds.”

ARTICLE III REDEMPTION OF BONDS

Section 3.1 Redemption of Bonds. (a) The Bonds issued under the provisions of this Series Resolution shall not be subject to prior redemption except as provided in this Article III and as set forth in the form of the Bonds contained in Exhibit A. If less than all of the Bonds shall be called for redemption, the Bonds to be redeemed shall be selected by the University.

(b) The Bonds shall be subject to optional and mandatory redemption as set forth in the form of the Bonds contained in Exhibit A. The Bonds that may be subject to optional redemption, the redemption premiums, if any, due upon an optional redemption and the mandatory sinking fund redemption schedule, if any, shall be as approved by the University’s Executive Vice President or the University’s Treasurer prior to the issuance of the Bonds. The execution of the Bonds by the University’s Executive Vice President or the University’s Treasurer shall be conclusive evidence of his approval of such matters.

(c) At its option, to be exercised on or before the fortieth day next preceding any applicable sinking fund redemption date, the University may receive a credit against its mandatory sinking fund redemption obligation for the Bonds which prior to such date have been purchased by the University and presented to the Paying Agent for cancellation or redeemed (otherwise than through the operation of the sinking fund) and canceled by the Paying Agent and, in either case, not theretofore applied as a credit against any sinking fund redemption obligation.

Each Bond so purchased, delivered or previously redeemed shall be credited by the Paying Agent at 100% of the principal amount thereof against the obligation of the University on such sinking fund redemption date to redeem Bonds. Any excess over such obligation shall be credited against applicable future sinking fund redemption obligations, or deposits with respect thereto, in such order of maturity as shall be determined by the University, and the principal amount of such Bonds to be redeemed by operation of the sinking fund shall be accordingly reduced.

Section 3.2 Notice of Redemption. (a) Whenever Bonds are to be redeemed under the provisions of the Resolution, the Paying Agent shall, not less than 30 nor more than 60 days prior to the redemption date, mail notice of redemption to all registered owners of all Bonds to be redeemed

at their registered addresses. The Paying Agent shall also mail a copy of any such notice of redemption to any Rating Agency. Any such notice of redemption shall be given in the name of the University, shall identify the Bonds to be redeemed, shall specify the redemption date and the redemption price, and shall state that on the redemption date the Bonds called for redemption will be payable at the office of the Paying Agent and that from that date interest will cease to accrue. The Paying Agent may use "CUSIP" numbers in notices of redemption as a convenience to Bondholders, provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of redemption.

If at the time of mailing of notice of any optional redemption the University shall not have caused to be deposited with the Paying Agent moneys sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional in that it is subject to the deposit of the redemption moneys with the Paying Agent not later than the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

ARTICLE IV GENERAL REVENUE PLEDGE

Section 4.1 Pledge of Pledged General Revenues. In addition to the pledge of Revenues securing the Bonds, the University hereby pledges its Pledged General Revenues to the payment of the principal, interest and premium on the Bonds.

Section 4.2 Parity Indebtedness; Additions to and Exclusions From the Pledged General Revenues. (a) Except as provided in this Section, nothing in this Resolution shall be construed as prohibiting or limiting in any way the right of the University to incur or issue other Credit Obligations, whether secured or unsecured and whether payable from General Revenues or otherwise, or to pledge for the payment thereof any General Revenues, including Pledged General Revenues, or other funds, revenues or receipts of the University. Any such pledge of General Revenues shall rank on a parity with the pledge of Pledged General Revenues herein, unless expressly subordinated to the pledge hereof. Notwithstanding anything herein to the contrary, the pledge of Pledged General Revenues securing the Bonds shall be on a parity with the pledge of Pledged General Revenues securing any other Credit Obligations of the University issued on the same date the Bonds are issued.

(b) The University may issue indebtedness secured by a pledge of specified General Revenues, which General Revenues so pledged shall no longer be deemed a part of the Pledged General Revenues, so long as the percentage obtained by dividing (i) Maximum Annual Debt Service (including projected Maximum Annual Debt Service for such indebtedness) by (ii) the sum of the University's unrestricted current funds expenditures plus mandatory transfers for the most recent year for which audited financial statements are available does not exceed the greater of (A) 9% or (B) that percentage (currently 7%) designated by the Secretary of Finance of the Commonwealth under the Alternative Construction and Financing Guidelines.

(c) Notwithstanding any other provision of this Resolution, the University may at any time exclude any General Revenues from Pledged General Revenues by filing with the Treasury

Board a written notice of such exclusion, executed by the Chief Financial Officer, describing the Pledged General Revenues to be excluded and certifying that the percentage obtained by dividing (i) Maximum Annual Debt Service by (ii) the sum of the University's unrestricted current funds expenditures plus mandatory transfers for the most recent Fiscal Year for which audited financial statements are available does not exceed the greater of (A) 9% or (B) that percentage (currently 7%), designated by the Secretary of Finance of the Commonwealth under the Alternative Construction and Financing Guidelines. In addition, the University may at any time add to the definition of Pledged General Revenues hereunder any General Revenues that are not then subject to the lien hereof by filing with the Treasury Board a written notice of such addition and a description of the General Revenues to be added.

Section 4.3 Computation Assumptions. For purposes of computing Maximum Annual Debt Service under this Article IV, the following rules shall apply:

(a) Maximum Annual Debt Service on any Balloon Credit Obligation in each Fiscal Year will be assumed to be the sum of (i) the principal and interest due in that Fiscal Year (except any Fiscal Year in which more than 25% of the principal amount of the Credit Obligation is due, in which case this amount shall be zero) and (ii) the amount of principal and interest assigned to that Fiscal Year assuming that the amount of principal due in any Fiscal Year in which more than 25% of the principal amount of the Credit Obligation is due is computed on a level annual debt service schedule calculated at the interest rate on the Credit Obligation for a period of 30 years from the date of issuance.

(b) Maximum Annual Debt Service on any Put Credit Obligation in each Fiscal Year will be assumed to be the sum of (i) the principal and interest due in that Fiscal Year and (ii) the amount of principal and interest determined by amortizing from its incurrence date the amount of principal that may become subject to mandatory purchase (including purchase that may be required at the option of the owner of the Credit Obligation) in any Fiscal Year in which more than 25% of the principal amount of the Credit Obligation may be subject to such mandatory purchase on a level annual debt service schedule calculated as described in (a) above.

(c) Maximum Annual Debt Service will be assumed to exclude capitalized interest on Credit Obligations and principal of and interest on Credit Obligations to the extent that amounts are on deposit in an irrevocable escrow or are derived from the proceeds of other Credit Obligations (including the earnings or other increment to accrue thereon) that must be applied to pay such principal and interest and such amounts are sufficient to pay such principal and interest.

(d) The annual payment obligation represented by a Guaranty will, so long as such Guaranty constitutes a contingent liability, be assumed to be zero unless the University is required to make a payment pursuant to such Guaranty, in which case for each of the two next succeeding Fiscal Years, 100% of the maximum annual payment obligation under the Guaranty will be assumed to be a Credit Obligation of the University.

(e) The interest rate on any Variable Rate Credit Obligation will be assumed to be the average interest rate for the most recent 36-month period. However, if the Variable Rate Credit Obligation has not been outstanding for 36 months, the interest rate will be assumed to be the higher

of (i) the average interest rate in effect for the 12-month period preceding the date of calculation or (ii) the interest rate in effect on the date of calculation.

(f) For any Credit Obligation for which a binding commitment, letter of credit or other credit arrangement providing for the extension of such Credit Obligation beyond its original maturity date exists, the computation of Maximum Annual Debt Service will be made on the assumption that such Credit Obligation will be amortized either (i) in accordance with such credit arrangement or (ii) over a period of 30 years from its original maturity date, whichever is longer.

ARTICLE V PAYING AGENT

Section 5.1 Paying Agent. (a) The Paying Agent shall be selected by the University's Executive Vice President or the University's Treasurer prior to the issuance of the Bonds. The Paying Agent and any successor Paying Agent, by written instrument delivered to the University shall accept the duties and obligations imposed on it under this Series Resolution and shall act on behalf of the Bondholders. Unless a separate Registrar is appointed by the Chief Financial Officer, the Paying Agent shall assume the duties and obligations imposed on the bond registrar (the "Registrar").

(b) Any provision hereof to the contrary notwithstanding, the Paying Agent shall never be required to make any payments except from funds provided to it by the University, or the State Treasurer as its agent.

(c) If at any time the Paying Agent is unable or unwilling to act as Paying Agent, the Paying Agent may resign, upon 30 days' prior written notice to the University. Such resignation shall become effective upon the date specified in such notice, unless a successor Paying Agent has not been appointed, in which case such resignation shall become effective upon the appointment of such successor. The Paying Agent may be removed at any time by the University, by written notice signed by the Chief Financial Officer delivered to the Paying Agent and each Bondholder. The University will promptly certify to the Paying Agent that it has mailed such notice and such certificate will be conclusive evidence that such notice was given in the manner required hereby. Upon resignation or removal of the Paying Agent, the Chief Financial Officer shall appoint a successor Paying Agent, which shall be the State Treasurer or a commercial bank or trust company, which has a capital and surplus of at least \$50,000,000 and shall be registered as a transfer agent with the Securities and Exchange Commission. Upon the resignation or removal of the Paying Agent, the Paying Agent shall pay over, assign and deliver any moneys and Bonds held by it in trust pursuant to the Resolution to its successor.

Section 5.2 Certain Rights of the Paying Agent. (a) The Paying Agent may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction consent, order, bond or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The Paying Agent may rely and shall be protected in acting or refraining from acting upon any telephonic instructions received by a person identifying himself as an employee or agent of the proper party or parties and reasonably believed by the Paying Agent to be authorized to do so.

(c) The permissive right of the Paying Agent to do things set forth in this Series Resolution shall not be construed as a duty, and the Paying Agent shall not be liable for other than its gross negligence or willful misconduct.

(d) The Paying Agent may consult with counsel and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(e) The Paying Agent shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond or other paper or document, but the Paying Agent, in its sole discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

(f) The Paying Agent may perform any duties hereunder either directly or by or through agents or attorneys, and the Paying Agent shall be responsible for any intentional misconduct or gross negligence on the part of any agent or attorney appointed by it.

(g) The University shall pay all reasonable expenses of the Paying Agent including attorneys' fees incurred in connection with its performance of its duties hereunder.

Section 5.3 Registration of Transfer and Exchange of Bonds. No registration of transfer of a Bond shall be required to be made from a Record Date to the next succeeding Interest Payment Date or if a Bond shall have been selected or called for redemption. No exchange of a Bond shall be required to be made from a Record Date to the next succeeding Interest Payment Date or if a Bond shall have been selected or called for redemption.

ARTICLE VI AMENDMENTS AND SUPPLEMENTS

Section 6.1 Amendments to Series Resolution. This Series Resolution may be amended or supplemented in a similar manner and upon similar terms and conditions as the Master Resolution may be amended or supplemented.

Section 6.2 Amendments to Series Resolution Prior to Delivery of Bonds. On or prior to the delivery of the Bonds, the University's Executive Vice President or the University's Treasurer may make such changes to this Series Resolution as shall be necessary to accurately reflect all negotiations among the University, the State Treasurer and the Underwriters with respect to the structuring of the financing, including, without limitation, the terms and provisions of the Bonds and whether the Bonds are to be insured or credit enhanced, in whole or in part; provided, however, that no such amendment shall increase the principal amount of the Bonds by greater than 10%. On or prior to the delivery of the Bonds, the University's Executive Vice President or the University's

Treasurer shall deliver to the Secretary of the Board a copy of this Series Resolution with all of the changes referred to in the preceding sentence (the “Final Resolution”), together with a certificate of the University’s Executive Vice President or the University’s Treasurer to the effect that the resolution so delivered is the Final Resolution. The Secretary shall file such Final Resolution with the minutes of the meeting at which this Series Resolution is adopted. The certificate of the University’s Executive Vice President or the University’s Treasurer referred to above shall be conclusive evidence that any changes made are approved and effective as if such Final Resolution were adopted by the Board.

ARTICLE VII MISCELLANEOUS

Section 7.1 Approval, Execution and Delivery of Necessary and Appropriate Documents. The Preliminary Official Statement of the University relating to the offering of the Bonds for sale, and the distribution thereof by the Underwriters, are hereby approved, ratified and confirmed. The University’s Executive Vice President or the University’s Treasurer is authorized to “deem final” the Preliminary Official Statement as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. The University’s Executive Vice President or the University’s Treasurer is also authorized to negotiate, execute and deliver and deem final, in necessary and appropriate form, the following documents:

- (a) a final Official Statement relating to the offering of the Bonds for sale, in substantially the form presented at the meeting at which this Series Resolution is adopted;
- (b) the Bond Purchase Agreement relating to the purchase of the Bonds, in substantially the form presented at the meeting at which this Series Resolution is adopted, such Bond Purchase Agreement providing for a maximum true interest cost of 5.0%;
- (c) the Escrow Deposit Agreement, with an Escrow Agent selected by the University’s Executive Vice President or the University’s Treasurer prior to issuance of the Bonds, in substantially the form presented at the meeting at which this Resolution is adopted; and
- (d) such other documents and instruments as he deems necessary or appropriate in connection with the issuance of the Bonds, so long as such documents and instruments do not conflict with the intent of this Series Resolution.

Section 7.2 Bond Delivery. All directors, officers and employees of the University are hereby authorized to take all actions necessary to accomplish the delivery of the Bonds to the Underwriters.

Section 7.3 Amendment to Master Resolution. In accordance with Sections 10.1 and 10.4 of the Master Resolution, Section 5.10 of the Master Resolution is hereby amended and restated in its entirety as follows:

Section 5.10 Application of Moneys in the Surplus Fund. Moneys held for the credit of the Surplus Fund may be used for any lawful purpose directly benefiting the University as may from time to time be determined by the Board.

Section 7.4 Governing Law. This Series Resolution is adopted with the intent that the laws of the Commonwealth shall govern its construction.

Section 7.5 Repeal of Inconsistent Provisions. Any prior resolutions or provisions of resolutions of the Board inconsistent with any provisions of this Series Resolution are hereby repealed.

Section 7.6 Filings. The Secretary of the Board is hereby authorized and directed to file a certified copy of this Series Resolution with the Governor and the Treasury Board.

Section 7.7 Continuing Disclosure. (a) General. The University desires to comply with the provisions of Section (b)(5)(i) of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission (“SEC”) providing for continuing disclosure. In order to accomplish this, the University covenants to do the following:

(i) The University shall annually provide certain financial information and operating data in accordance with the provisions of Section (b)(5)(i) of the Rule, as follows:

(1) audited financial statements, prepared in accordance with generally accepted accounting principles will be provided; and

(2) the operating data with respect to the University of the type appearing in portions of the Official Statement in final form describing the University under the following headings: “THE SYSTEMS – The Dormitory and Dining Hall System – Occupancy and – Net Revenues of the Dormitory System”; and in Appendix A to the Official Statement under the following headings: Admission Policy and Students; Enrollment; Summary of Unrestricted Current Fund Revenues, Expenditures and other Changes; General Fund Appropriations from the Commonwealth; and Tuition and Financial Assistance.

(ii) The University shall annually provide the financial information and operating data described in subsection (a)(i) above (the “Continuing Disclosure”) within seven months after the end of the University’s fiscal year, commencing with the University’s fiscal year ending June 30, 2004, to each nationally recognized municipal securities information repository (“NRMSIR”) and to the appropriate state information depository (“SID”) if any is hereafter created.

(iii) Any of the Continuing Disclosure may be included by specific reference to other documents previously provided to each NRMSIR and to the appropriate SID, if any is hereafter created, or filed with the SEC; provided, however, that any final official statement incorporated by reference must be available from the Municipal Securities Rulemaking Board (the “MSRB”).

(iv) The University shall provide in a timely manner to each NRMSIR or the MSRB and to the appropriate SID, if any is hereafter created, notice specifying any failure of the University to provide the Continuing Disclosure by the date specified in subsection (a)(ii).

(b) Event Disclosure. The University shall provide in a timely manner to each NRMSIR or the MSRB and with the appropriate SID, if any is hereafter created, notice of the incurrence of any of the following events with respect to the Bonds, if material:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on any credit enhancement reflecting financial difficulties;
- (v) substitution of credit or liquidity provider, or their failure to perform;
- (vi) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (vii) modifications to rights of Bondholders;
- (viii) bond calls;
- (ix) defeasance of all or any portion of the Bonds;
- (x) release, substitution, or sale of property securing repayment of the Bonds; and
- (xi) rating changes.

(c) Termination. The covenants and obligations of the University specified in subsections (a) and (b) above will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all of the Bonds.

(d) Amendment. The University will modify its obligations contained in subsections (a) and (b) above to comply with subsequent changes to the Rule which shall not require the consent of Bondholders. The University also reserves the right to modify its obligations contained in subsections (a) and (b) above without the consent of Bondholders, provided that such modification complies with the Rule as it exists at the time of modification.

(e) Additional Disclosure. The University may from time to time disclose information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, the University shall not incur any obligation to continue to provide, or to update, such additional information or data.

(f) No Default. (i) If the University fails to comply with any covenant or obligation specified in this Section 7.6, any holder (within the meaning of the Rule) of Bonds then outstanding may, by notice to the University, proceed to protect and enforce its rights and the rights of the holders by an action for specific performance of the University's covenant to provide financial information, operating data and event disclosure. If the information provided by the University under this Section is considered inadequate, the holders of not less than 25% in the aggregate principal amount of Bonds outstanding may take such actions as may be necessary or appropriate to compel performance by the University of its obligation.

(ii) Notwithstanding the foregoing, a failure of the University to provide any report or notice under this Section 6.12 shall not be deemed an event of default under this Resolution or the Bonds, and the sole remedy to comply with its undertaking in this Section shall be an action to compel performance. Nothing in this provision shall be deemed to restrict the rights or remedies of any holder pursuant to the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, or other applicable laws.

1227176v4

No. _____

**UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA**

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

**DORMITORY AND DINING HALL SYSTEM AND
GENERAL REVENUE PLEDGE REFUNDING BOND, SERIES 2004B**

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
	June 1, ____	May 1, 2004	

REGISTERED OWNER:

PRINCIPAL AMOUNT:

Virginia Polytechnic Institute and State University (the "University"), the educational institution at Blacksburg, Virginia, for value received, hereby promises to pay, solely from the funds provided therefor as hereinafter set forth, to the registered owner named above, on the maturity date set forth above (or earlier as hereinafter set forth), upon the presentation and surrender hereof, the principal sum set forth above and to pay, solely from said funds, interest thereon from the date hereof at the rate per annum set forth above, until payment of said principal sum. Both the principal of and the interest on this Bond are payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal or redemption price of this Bond shall be payable, upon surrender of this Bond, at the office of the State Treasurer of the Commonwealth of Virginia, as Paying Agent (the "Paying Agent"), in Richmond, Virginia. Payment of interest on this Bond shall be made by check or draft mailed on the Interest Payment Date to the registered owner as of the close of business on the 15th day of the month immediately preceding such Interest Payment Date (the "Record Date") at his address as it appears on the registration books of the Paying Agent, as Registrar (the "Registrar"). Notwithstanding the foregoing, if and for so long as Cede & Co. or any other nominee of The Depository Trust Company, New York, New York, is registered owner of all of the Bonds, the principal of and premium, if any, on this Bond shall be paid to Cede & Co. or such other nominee as provided under the Resolution described below. The term "Interest Payment Date" means each December 1 and June 1, commencing December 1, 2004 (unless such date is not a Business Day, in which event payment of interest shall be made on the next succeeding Business Day).

This Bond shall bear interest from the Interest Payment Date next preceding the date on which it is authenticated, unless this Bond is (a) authenticated before the first Interest Payment Date following the initial delivery of the Bonds, in which case it shall bear interest from May 1, 2004 or (b) authenticated upon an Interest Payment Date, in which case it shall bear interest from such

Interest Payment Date; provided, however, that if at the time of authentication of this Bond interest is in default, this Bond shall bear interest from the date to which interest has been paid. Interest on this Bond shall be computed on the basis of a 360-day year of twelve 30-day months.

The University shall not be obligated to pay the principal of or interest on this Bond except from the Pledged General Revenues and the Net Revenues of the University's Dormitory and Dining Hall System and other legally available moneys, all as provided in the Resolution hereinafter referred to. This Bond and the interest hereon shall not be deemed to constitute a debt or liability of the Commonwealth of Virginia, legal, moral or otherwise. Neither the Commonwealth of Virginia nor the University shall be obligated to pay the principal of or interest on this Bond or other costs incident thereto except from the sources noted above, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia nor any other revenues or funds of the University are pledged to the payment of the principal of or interest on this Bond or other costs incident thereto.

This Bond is one of a duly authorized issue of Bonds of the University aggregating \$_____ in principal amount, known as "Dormitory and Dining Hall System and General Revenue Pledge Refunding Bonds, Series 2004B" (the "Bonds"), issued under and pursuant to a resolution adopted by the Board (as hereinafter defined) on August 26, 1996 (the "Master Resolution"), as supplemented by a Series Resolution adopted by the Board on March 29, 2004 (the "Series Resolution") (said Master Resolution, as supplemented, being herein called the "Resolution"). This Bond is issued and the Resolution was adopted under and pursuant to the Constitution and laws of the Commonwealth of Virginia, particularly Chapter 3, Title 23, Code of Virginia of 1950, as amended (herein called the "Act"). Reference is hereby made to the Resolution for the provisions, among others, with respect to the custody and application of the proceeds of Bonds issued under the Resolution, the collection and disposition of revenues, the funds charged with and pledged to the payment of the interest on and the principal of the Bonds, the nature and extent of the security, the terms and conditions on which the Bonds are or may be issued, the rights, duties and obligations of the University and the rights of the holders of the Bonds. Capitalized terms not defined herein shall be as defined in the Resolution. By the acceptance of this Bond, the holder hereof assents to all of the provisions of the Resolution.

The Resolution provides for the issuance from time to time, under the conditions, limitations and restrictions set forth therein, of additional series of bonds on a parity with the Bonds.

The Bonds maturing on or after June 1, 20__ are subject to optional redemption by the University on or after June 1, 20__ in whole or in part at any time (in any integral multiple of \$5,000) at the redemption prices (expressed as percentages of principal amount of Bonds to be redeemed) set forth below plus accrued interest to the redemption date:

<u>Redemption Period</u>	<u>Price</u>
June 1, 20__ through May 31, 20__	102%
June 1, 20__ through May 31, 20__	101
June 1, 20__ and thereafter	100

The Bonds maturing on June 1, 20__ are subject to mandatory sinking fund redemption prior to maturity, on each June 1 of the following years in the following principal amounts at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
20__	\$
20__	
20__	
20__	
20__	
20__	
20__ (Final Maturity)	

In the event that less than all of the Bonds are to be redeemed, the Bonds (or portions of Bonds) to be redeemed shall be selected by the University.

This Bond is transferable by the registered owner, in person or by its attorney duly authorized in writing, at the principal corporate trust office of the Paying Agent, upon surrender of this Bond to the Paying Agent for cancellation. Upon the transfer, a new Bond or Bonds of the same aggregate principal amount, maturity date and interest rate will be issued to the transferee. No transfer will be effective unless represented by such surrender and reissue. This Bond may also be exchanged at the principal corporate trust office of the Paying Agent for a new Bond or Bonds of the same aggregate principal amount, maturity date and interest rate without transfer to a new registered owner. Exchanges and transfers will be without expense to the holder except for applicable taxes or other governmental charges, if any. The Paying Agent shall not be required to transfer or exchange any Bond selected or called for redemption pursuant to the provisions hereof or from a Record Date through the next succeeding Interest Payment Date. All Bonds delivered in exchange or transfer shall be dated so that neither gain nor loss results from the transfer or exchange.

The University and the Paying Agent may treat the registered owner as the absolute owner of this Bond for all purposes, notwithstanding any notice to the contrary.

Neither the members of the Board nor any person executing this Bond are liable personally hereon or subject to any personal liability or accountability by reason of the issuance hereof.

This Bond will not be valid until the Certificate of Authentication has been signed by the Paying Agent.

The holder of this Bond shall have no right to enforce the provisions of the Resolution or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Resolution, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Resolution.

All acts, conditions and things required by the Constitution and laws of the Commonwealth of Virginia and by the rules and regulations of the Board of Visitors of the University (the "Board")

to happen, exist and be performed precedent to and in the issuance of this Bond have happened, exist and have been performed as so required.

IN WITNESS WHEREOF, Virginia Polytechnic Institute and State University has caused this Bond to be issued in its name and caused this Bond to bear the facsimile signatures of its President and the University's Executive Vice President or the University's Treasurer and its official seal to be impressed or imprinted hereon, all as of the 1st day of May, 2004.

[SEAL]

[Executive Vice President][Treasurer]
of Virginia Polytechnic
Institute and State
University

President of Virginia
Polytechnic Institute and
State University

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolution.

Date of Authentication:

_____, 2004

REGISTRAR:

State Treasurer of the Commonwealth of Virginia

FORM OF ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please print or typewrite name and address, including zip code, of Transferee)

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBERS OF TRANSFeree

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Registered Owner

NOTICE: The signature above must correspond with the name of the Registered Owner as it appears on the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guarantee

The signature of the transferor of this Bond must be guaranteed by an institution participating in the Securities Transfer Agent Medallion Program ("STAMP") or similar program.)

Please affix signature guarantee ink stamp below with appropriate signature, title of officer and date:

Please affix signature guarantee ink stamp below with appropriate signature, title of officer and date:

Signature

Title

Date

RECOMMENDATION:

That the above Dormitory and Dining Hall System Series Resolution identifying the President, the Executive Vice President and University Treasurer as authorized officers to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the sale and issuance of the bonds be approved.

March 29, 2004

1227176v5

**VIRGINIA POLYTECHNIC INSTITUTE
AND STATE UNIVERSITY**

SERIES RESOLUTION

**AUTHORIZING AND SECURING
UNIVERSITY SERVICES SYSTEM AND
GENERAL REVENUE PLEDGE REFUNDING BONDS,
SERIES 2004C**

ADOPTED ON MARCH 29, 2004

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Exhibit A - Form of Bonds

A SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY UNIVERSITY SERVICES SYSTEM AND GENERAL REVENUE PLEDGE REFUNDING BONDS, SERIES 2004C, TO REFUND CERTAIN EXISTING REVENUE BONDS; PLEDGING TO THE PAYMENT OF THE PRINCIPAL OF AND THE INTEREST ON SUCH BONDS CERTAIN GENERAL REVENUES AND THE NET REVENUES OF THE UNIVERSITY'S UNIVERSITY SERVICES SYSTEM AS PROVIDED HEREIN; AWARDING THE BONDS; APPOINTING THE PAYING AGENT.

RECITALS

A. By Chapter 11, Title 23, Code of Virginia of 1950, as amended, there is created a corporation under the name and style of the Virginia Polytechnic Institute and State University (the "University"), which is governed by a Board of Visitors (the "Board"), which is vested with the supervision, management and control of the University.

B. By Chapter 3, Title 23, Code of Virginia of 1950, as amended (the "Act"), the University is classified as an educational institution, is declared to be a public body and is constituted a governmental instrumentality for the dissemination of education.

C. On August 26, 1996 the Board adopted a resolution providing for the issuance of University Services System revenue bonds pursuant to the Act (the "Master Resolution").

D. The Board has determined to refund certain of the University's outstanding University Services System and General Revenue Pledge Bonds, Series 1996C (the "Series 1996 Bonds"), issued under the Master Resolution pursuant to a series resolution adopted by the Board on August 26, 1996.

E. For the purpose of providing funds to finance a portion of the costs of refunding the Series 1996 Bonds, the Board has determined to issue university services system and general revenue pledge bonds of the University (the "Bonds") under the Master Resolution pursuant to this Series Resolution, in accordance with Sections 2.10 and 10.2 of the Master Resolution.

F. The Board has ascertained (a) the estimated annual revenues to be derived by the University from its operation and ownership of the University's University Services System (the "System") based on the fees, rents and charges to be fixed, charged and collected for or in connection with the use, occupation or services of the facilities comprising the System, and (b) the estimated annual expenses of maintaining, repairing and operating the System, and has determined that sufficient revenues will be derived from its operation and ownership of the System, after the payment of such expenses of maintenance, repair and operation to pay the principal of and the interest on the bonds hereinafter authorized to be issued under this Series Resolution and to meet other requirements of this Series Resolution and the Master Resolution.

G. The Board has determined that the Bonds will also be secured by a pledge of certain general revenues of the University as contemplated by the Act and as more particularly described herein.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF VISITORS OF VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY:

**ARTICLE I
DEFINITIONS**

Section 1.1 Definitions. Unless otherwise required by the context, all terms used herein which are defined in the Master Resolution shall have the meanings assigned to them therein. These additional terms shall have the following meanings:

“Balloon Credit Obligation” means any Credit Obligation, 25% or more of the original principal amount of which matures during any consecutive twelve-month period, if such maturing principal amount is not required to be amortized below such percentage by mandatory redemption or prepayment before such twelve-month period. Balloon Credit Obligation does not include any Credit Obligation that otherwise would be classified hereunder as a Put Credit Obligation.

“Bond Counsel” means a firm of nationally recognized municipal bond counsel.

“Bonds” means the University's University Services System and General Revenue Pledge Refunding Bonds, Series 2004C, issued pursuant to this Series Resolution under the Master Resolution.

“Business Day” means any day other than a Saturday, Sunday or a day on which banking institutions are authorized or obligated by law to close in the Commonwealth or at the place where the principal corporate trust office of the Paying Agent is located.

“Credit Obligation” of the University means any indebtedness incurred or assumed by the University for borrowed money and any other financing obligation of the University that, in accordance with generally accepted accounting principles consistently applied, is shown on the liability side of a balance sheet; provided, however, that Credit Obligation shall not include any portion of any capitalized lease payment or obligation of the University under the Virginia College Building Authority's Pooled Loan Program directly appropriated from general funds of the Commonwealth or reasonably expected to be so appropriated as certified by the Chief Financial Officer, but only to the extent such appropriation is restricted by the Commonwealth to the payment of any such obligation; and provided further that the term Credit Obligation shall be construed in accordance with the assumptions set forth in Section 4.3.

“Escrow Agent” means the Escrow Agent, as selected by the University's Executive Vice President or the University's Treasurer prior to issuance of the Bonds, serving under the Escrow Deposit Agreement.

“Escrow Deposit Agreement” means the Escrow Deposit Agreement, dated as of May 1, 2004, among the University, the State Treasurer, as paying agent for the Series 1996 Bonds, and the Escrow Agent, including all amendments or supplements thereto as therein permitted.

“Escrow Fund” means the Escrow Account created pursuant to the Escrow Deposit Agreement securing the Series 1996 Bonds.

“General Revenues” means, without limitation, the University’s total gross university sponsored overhead, unrestricted endowment income, tuition and fees, indirect cost recoveries, auxiliary enterprise revenues, general and nongeneral fund appropriations and other revenues not required by law to be used for another purpose.

“Guaranty” means any obligation of the University guaranteeing any indebtedness of another person in any manner, whether directly or indirectly, including but not limited to obligations, contingent or otherwise (i) to purchase such indebtedness or any property constituting security for it, (ii) to advance or supply funds (1) for the purchase or payment of such indebtedness or (2) to maintain working capital or other balance sheet condition, (iii) to purchase securities or other property or services primarily to assure the owner of such indebtedness of the primary obligor's ability to make payment of the indebtedness, or (iv) otherwise to assure the owner of such indebtedness against loss in respect thereof.

“Interest Payment Date” means December 1, 2004 and each June 1 and December 1 thereafter (unless such date is not a Business Day, in which event payment of interest shall be made on the next succeeding Business Day).

“Master Resolution” means that Resolution providing for the issuance of university services system revenue bonds, adopted by the Board on August 26, 1996, as it may be supplemented and amended.

“Maximum Annual Debt Service” means the aggregate of the principal of (whether at maturity, by mandatory redemption or mandatory prepayment or acceleration) and interest on all outstanding Credit Obligations of the University payable during a particular Fiscal Year; provided that the amount of such payments shall be calculated in accordance with the assumptions set forth in Section 4.3.

“Paying Agent” means the State Treasurer or a commercial bank or trust company having a combined capital and surplus of not less than \$50,000,000, and any successors to its duties hereunder, as selected by the University’s Executive Vice President or the University’s Treasurer prior to the issuance of the Bonds.

“Pledged General Revenues” means any or all of the General Revenues of the University which are not required by law or by binding contract entered into on or prior to the date of issuance of the Bonds to be devoted to some other purpose, including any General Revenues added to Pledged General Revenues pursuant to Section 4.2, but not including any General Revenues excluded from Pledged General Revenues pursuant to Section 4.2.

“Project” means any facilities financed with the proceeds of the Series 1996 Bonds.

“Put Credit Obligation” means any Credit Obligation that is (i) payable or required to be purchased by or on behalf of the underlying obligor, at its owner's option, before its stated maturity

date or (ii) payable or required to be purchased from the owner by or on behalf of the underlying obligor (other than at the owner's option) before its stated maturity date.

“*Rating Agency*” mean Moody's Investors Service, Inc. and/or Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, if either or both of such ratings agencies has provided a rating for the Bonds.

“*Record Date*” means the 15th day of the month preceding each Interest Payment Date, whether or not such 15th day is a Business Day.

“*Resolution*” means the Master Resolution, as supplemented by this Series Resolution, together with all supplements and amendments thereto.

“*Securities Depository*” means The Depository Trust Company, a limited purpose trust corporation organized and existing under the laws of the State of New York, and any other securities depository for the Bonds appointed pursuant to Section 2.7.

“*Series Resolution*” means this Series Resolution, together with all supplements and amendments hereto.

“*Series 1996 Bonds*” means the Series 1996 Bonds described in paragraph D of the Recitals to this Series Resolution.

“*Underwriters*” means Morgan Keegan & Company, Morgan Stanley & Co. Incorporated and Davenport & Co., LLC.

“*Variable Rate Credit Obligation*” means any Credit Obligation the interest rate on which is not established at the time of incurrence at a fixed or constant rate.

ARTICLE II FORM, EXECUTION, DELIVERY, REGISTRATION AND PAYMENT OF BONDS; TAX COVENANTS

Section 2.1 Form of Bonds. The Bonds issued under the provisions of Section 2.2 shall be substantially in the form set forth in Exhibit A attached hereto, with such appropriate variations, omissions or insertions as are permitted or required by the Resolution.

Section 2.2 Issuance of Bonds. There shall be initially issued under and secured by the Resolution, Bonds of the University in the aggregate principal amount of \$16,825,000 for the purpose of providing funds to refund certain of the Series 1996 Bonds. The Bonds shall be designated “Virginia Polytechnic Institute and State University University Services System and General Revenue Refunding Pledge Bonds, Series 2004C”, shall be dated as of May 1, 2004, shall be numbered R-1 and up, shall be issued in denominations of \$5,000 or whole multiples of \$5,000 and shall mature on June 1 in such amounts and in such years as will be determined by the University’s Executive Vice President or the University’s Treasurer prior to the issuance of the

Bonds. The Bonds shall bear interest at the rate or rates to be approved by the University's Executive Vice President or the University's Treasurer, with a true interest cost not to exceed 5.0% per annum. The execution of the Bonds by the University's Executive Vice President or the University's Treasurer shall be conclusive evidence of his approval of the maturity schedule (including any mandatory sinking fund redemption schedule) and the rate or rates payable on the Bonds.

Interest on the Bonds shall be payable on each Interest Payment Date. Each Bond shall bear interest from the Interest Payment Date next preceding the date on which it is authenticated, unless any Bond is (a) authenticated before the first Interest Payment Date following the initial delivery of the Bonds, in which case it shall bear interest from May 1, 2004 or (b) authenticated upon an Interest Payment Date, in which case it shall bear interest from such Interest Payment Date; provided, however, that if at the time of authentication of any Bond interest is in default, such Bond shall bear interest from the date to which interest has been paid.

Section 2.3 Computation of Interest. Interest on the Bonds shall be computed on the basis of a 360-day year of twelve 30-day months and shall be payable on each Interest Payment Date or other date fixed for the redemption or maturity of the Bonds.

Section 2.4 Payment of Interest on and Principal of Bonds. Principal of and premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America, but only from the revenues lawfully available therefor pursuant to the Act and pledged to the payment thereof as hereinafter provided. Principal of and premium, if any, on the Bonds shall be payable upon presentation and surrender of the Bonds as they become due at the office of the Paying Agent. Interest on Bonds shall be payable to the registered owners of Bonds by check or draft mailed to such owners at their addresses as they appear on registration books kept by the bond registrar on the 15th day of the month preceding the applicable Interest Payment Date.

Section 2.5 Determination of Payments Due; Transmittal of Payments by the State Treasurer. Not less than 20 Business Days preceding any Interest Payment Date or date on which principal of the Bonds comes due, whether by redemption or maturity, the Paying Agent shall give notice to the State Treasurer, Commonwealth of Virginia, 101 North 14th Street, Richmond, Virginia 23215, of the amount required to pay principal of, redemption premium, if any, and interest on the Bonds then coming due. Not less than 17 Business Days preceding any Interest Payment Date or date on which principal of the Bonds comes due, whether by redemption or maturity, the State Treasurer shall determine whether there are sufficient amounts available in the Bond Service Account allocable to the Bonds and the Redemption Account (if applicable) (together, such sources of money are referred to as the "Sinking Fund Moneys Available for Payment") to pay the principal of, redemption premium, if any, and interest on the Bonds then coming due. If such Sinking Fund Moneys Available for Payment are determined by the State Treasurer to be insufficient to make such payment then coming due on the Bonds, within one Business Day thereafter the State Treasurer shall notify the University of that fact and the amount of the deficiency. After receipt of such notice, the University, by no later than 15 Business Days prior to the due date of such payment on the Bonds, shall make available to the State Treasurer from Revenues or from Pledged General Revenues or other available moneys referred to in Section 7.14 of the Master Resolution an amount, which when added to the Sinking Fund Moneys Available for Payment, will be sufficient to pay the principal of,

redemption premium, if any, and interest on the Bonds then coming due. The State Treasurer shall wire transfer such amount then coming due on the Bonds from Revenues or other moneys made available by the University to such other Paying Agent, if any, not later than 10:00 a.m., New York time, on the date such sums are due to pay principal of, redemption premium, if any, or interest on the Bonds.

Section 2.6 Application of Proceeds of Bonds. The State Treasurer shall apply the proceeds from the sale of the Bonds as follows:

- (a) an amount equal to the accrued interest on the Bonds from their dated date through their issuance date shall be deposited into the Bond Service Account;
- (b) the amount specified in the Escrow Deposit Agreement shall be deposited into the Escrow Fund, to be used to defease and refund the Series 1996 Bonds identified in the Escrow Deposit Agreement;
- (c) the remainder shall be deposited into the Construction Fund to be used in accordance with the Master Resolution to pay the cost of issuing the Bonds.

Section 2.7 Book Entry Provisions. The provisions of this Section 2.7 shall apply to the Bonds so long as all of the Bonds shall be maintained in book-entry form with a Securities Depository, any other provisions of this Resolution to the contrary notwithstanding.

(a) The principal or redemption price of and interest on the Bonds shall be payable to the Securities Depository, or registered assigns, as the registered owner of the Bonds, in same day funds on each date on which the principal of, and premium, if any, or interest on the Bonds is due as set forth in this Resolution and in the Bonds. Such payments shall be made to the offices of the Securities Depository specified by the Securities Depository to the University and Paying Agent in writing. Without notice to or the consent of the beneficial owners of the Bonds, the University and the Securities Depository may agree in writing to make payments of principal and interest in a manner different from that set out herein. If such different manner of payment is agreed upon, the University shall give the Paying Agent notice thereof, and the Paying Agent shall make payments as if set forth herein. Neither the University nor the Paying Agent shall have any obligation with respect to the transfer or crediting of the appropriate principal, premium, if any, and interest payments to participants of the Securities Depository or the beneficial owners of the Bonds or their nominees.

(b) The Paying Agent may replace any Securities Depository as the depository for the Bonds with another qualified securities depository or discontinue the maintenance of the Bonds in book-entry form at any time if the Paying Agent or the University determines to do so. Notice of any determination above shall be given to such Securities Depository at least 30 days prior to any such discontinuation (or such fewer number of days as shall be acceptable to such Securities Depository). The Paying Agent may undertake to locate a qualified replacement Securities Depository and/or may discontinue the book-entry system of evidencing ownership of the Bonds.

(c) If the Paying Agent discontinues the maintenance of the Bonds in book-entry form, the University will issue replacement Bonds directly to the participants in the former Securities Depository or, to the extent requested by any such participant, to the beneficial owners of Bonds as further described in this Section. The Paying Agent shall notify participants and the beneficial owners of the Bonds, by mailing an appropriate notice to the Securities Depository, or by other means deemed appropriate to the Securities Depository, or by other means deemed appropriate by the Paying Agent, that the University will issue replacement Bonds directly to the participants shown on the records of the Securities Depository or, to the extent requested by any participant, to beneficial owners of Bonds shown on the records of such participant, as of a date set forth in such notice, which shall be a date at least 10 days after receipt of such notice by the Securities Depository (or such fewer number of days as shall be acceptable to the Securities Depository).

In the event that replacement Bonds are to be issued to participants in the Securities Depository or to beneficial owners of the Bonds, the University shall promptly have prepared replacement Bonds registered in the names of the participants as shown on the records of the former Securities Depository or, to the extent requested by any participant, in the names of the beneficial owners of Bonds shown on the records of such participant, as of the date set forth in the notice delivered in accordance with the immediately preceding paragraph. Replacement Bonds issued to participants in the Securities Depository or to beneficial owners shall be in fully registered form substantially in the form of Exhibit A. The form set forth in Exhibit A may be modified to include any variations, omissions or insertions that are necessary or desirable in the delivery of replacement certificates in printed form. In delivering replacement certificates, the Paying Agent shall be entitled to rely, without independent investigation, on the records of the former Securities Depository as to its participants and the records of the participants acting on behalf of the beneficial owners. The Bonds will thereafter be registrable and exchangeable as set forth in the Master Resolution.

(d) So long as there is a Securities Depository for the Bonds, (1) such Securities Depository shall be the registered owner of the Bonds, (2) transfers of ownership and exchanges shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by such Securities Depository and its participants, and (3) references in this Resolution to Bondholders, holders or registered owners of the Bonds shall mean the Securities Depository and shall not mean the beneficial owners of the Bonds.

(e) If the Paying Agent replaces any Securities Depository as the depository for the Bonds with another qualified Securities Depository, Replacement Bonds issued to such replacement Securities Depository shall have the same terms, form and content as the Bonds initially registered in the name of the predecessor Securities Depository or its nominee except for the name of the registered owner.

(f) Each Securities Depository and the participants thereof and the beneficial owners of the Bonds, by their acceptance of the Bonds, agree that the University and the Paying Agent shall have no liability or responsibility with respect to (1) the accuracy of any records maintained by such Securities Depository or any Securities Depository participant; (2) the payment by such Securities Depository to any Securities Depository participant or by any Securities Depository participant to any beneficial owner of any amount due in respect of the principal of and premium, if any, and interest on the Bonds; (3) the delivery or timeliness of delivery by such Securities Depository to any

Securities Depository participant or by any Securities Depository participant to any beneficial owner of any notice which is given to Bondholders; (4) the selection of the beneficial owners to receive payment in the event of any partial redemption of the Bonds; or (5) any consent given or other action taken by such Securities Depository or any nominee of such Securities Depository, as Bondholder.

Section 2.8 Tax Covenants. (a) The University shall not use or permit the use of any proceeds of Bonds or any other funds of the University directly or indirectly, to acquire any securities or obligation, and shall not use or permit the use of any amounts received by the University or State Treasurer with respect to the Bonds in any manner, and shall not take or permit to be taken any other action or actions, which would cause any Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code. If at any time the University is of the opinion that for purposes of this subsection it is necessary to restrict or limit the yield on the investment of any moneys held by the State Treasurer under this Resolution the University shall so instruct the State Treasurer in writing, and the State Treasurer shall take such action as may be necessary in accordance with such instructions.

(b) The University shall not use or permit the use of any proceeds of Bonds or any other funds of the University, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would result in any of the Bonds being treated as an obligation not described in Section 103(a) of the Code by reason of classification of such Bond as a “private activity bond,” an “arbitrage bond” or “bond not in registered form” within the meaning of Section 103(b) of the Code.

(c) The University shall at all times do and perform all acts and things permitted by law and this Resolution which are necessary or desirable in order to assure that interest paid on the Bonds or any of them will be excludable from gross income for federal income tax purposes and shall take no action that would result in such interest not being excludable from gross income for federal income tax purposes.

(d) The University covenants that no more than 10% of the leasable space in the Project will be leased to or used exclusively by a private entity nor will more than 10% of the revenues to be derived from the Project be payable, directly or indirectly, by a private entity.

(e) The University covenants that it shall file the information reports with respect to the Bonds required by Section 149(e) of the Code within the time periods provided in such Section.

(f) The University represents that the Bonds are not and will not be “federally guaranteed,” as such term is used in Section 49(b) of the Code.

Section 2.9 Arbitrage Rebate. The University, at its expense, shall take all steps necessary to cause the requirements of Section 148 of the Code to be complied with, including but not limited to all reporting and rebate requirements. Without limiting the generality of the foregoing the University, at its sole expense, shall: (i) pay the amount required to be paid to the United States of America in accordance with the rebate requirement described in Section 148(f) of the Code (the “Rebate Amount”); (ii) determine the Rebate Amount for each bond year and upon payment in full of all amounts due under any Series of Bonds; (iii) retain records of all such determinations until six

years after payment in full of all amounts due under the Bonds; and (iv) comply with any similar requirements contained in any temporary, proposed or permanent regulations of the Internal Revenue Service adopted with respect to Section 148(f) of the Code.

Notwithstanding anything to the contrary in this Resolution, no payment shall be made by the University or the State Treasurer to the United States of America if the University obtains an opinion of nationally recognized bond counsel to the effect that such payment is not required under Section 148 of the Code in order to prevent the Bonds from becoming “arbitrage bonds.”

ARTICLE III REDEMPTION OF BONDS

Section 3.1 Redemption of Bonds. (a) The Bonds issued under the provisions of this Series Resolution shall not be subject to prior redemption except as provided in this Article III and as set forth in the form of the Bonds contained in Exhibit A. If less than all of the Bonds shall be called for redemption, the Bonds to be redeemed shall be selected by the University.

(b) The Bonds shall be subject to optional and mandatory redemption as set forth in the form of the Bonds contained in Exhibit A. The Bonds that may be subject to optional redemption, the redemption premiums, if any, due upon an optional redemption and the mandatory sinking fund redemption schedule, if any, shall be as approved by the University’s Executive Vice President or the University’s Treasurer prior to the issuance of the Bonds. The execution of the Bonds by the University’s Executive Vice President or the University’s Treasurer shall be conclusive evidence of his approval of such matters.

(c) At its option, to be exercised on or before the fortieth day next preceding any applicable sinking fund redemption date, the University may receive a credit against its mandatory sinking fund redemption obligation for the Bonds which prior to such date have been purchased by the University and presented to the Paying Agent for cancellation or redeemed (otherwise than through the operation of the sinking fund) and canceled by the Paying Agent and, in either case, not theretofore applied as a credit against any sinking fund redemption obligation.

Each Bond so purchased, delivered or previously redeemed shall be credited by the Paying Agent at 100% of the principal amount thereof against the obligation of the University on such sinking fund redemption date to redeem Bonds. Any excess over such obligation shall be credited against applicable future sinking fund redemption obligations, or deposits with respect thereto, in such order of maturity as shall be determined by the University, and the principal amount of such Bonds to be redeemed by operation of the sinking fund shall be accordingly reduced.

Section 3.2 Notice of Redemption. (a) Whenever Bonds are to be redeemed under the provisions of the Resolution, the Paying Agent shall, not less than 30 nor more than 60 days prior to the redemption date, mail notice of redemption to all registered owners of all Bonds to be redeemed at their registered addresses. The Paying Agent shall also mail a copy of any such notice of redemption to any Rating Agency. Any such notice of redemption shall be given in the name of the University, shall identify the Bonds to be redeemed, shall specify the redemption date and the

redemption price, and shall state that on the redemption date the Bonds called for redemption will be payable at the office of the Paying Agent and that from that date interest will cease to accrue. The Paying Agent may use "CUSIP" numbers in notices of redemption as a convenience to Bondholders, provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of redemption.

If at the time of mailing of notice of any optional redemption the University shall not have caused to be deposited with the Paying Agent moneys sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional in that it is subject to the deposit of the redemption moneys with the Paying Agent not later than the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

ARTICLE IV GENERAL REVENUE PLEDGE

Section 4.1 Pledge of Pledged General Revenues. In addition to the pledge of Revenues securing the Bonds, the University hereby pledges its Pledged General Revenues to the payment of the principal, interest and premium on the Bonds.

Section 4.2 Parity Indebtedness; Additions to and Exclusions From the Pledged General Revenues. (a) Except as provided in this Section, nothing in this Resolution shall be construed as prohibiting or limiting in any way the right of the University to incur or issue other Credit Obligations, whether secured or unsecured and whether payable from General Revenues or otherwise, or to pledge for the payment thereof any General Revenues, including Pledged General Revenues, or other funds, revenues or receipts of the University. Any such pledge of General Revenues shall rank on a parity with the pledge of Pledged General Revenues herein, unless expressly subordinated to the pledge hereof. Notwithstanding anything herein to the contrary, the pledge of Pledged General Revenues securing the Bonds shall be on a parity with the pledge of Pledged General Revenues securing any other Credit Obligations of the University issued on the same date the Bonds are issued.

(b) The University may issue indebtedness secured by a pledge of specified General Revenues, which General Revenues so pledged shall no longer be deemed a part of the Pledged General Revenues, so long as the percentage obtained by dividing (i) Maximum Annual Debt Service (including projected Maximum Annual Debt Service for such indebtedness) by (ii) the sum of the University's unrestricted current funds expenditures plus mandatory transfers for the most recent year for which audited financial statements are available does not exceed the greater of (A) 9% or (B) that percentage (currently 7%) designated by the Secretary of Finance of the Commonwealth under the Alternative Construction and Financing Guidelines.

(c) Notwithstanding any other provision of this Resolution, the University may at any time exclude any General Revenues from Pledged General Revenues by filing with the Treasury Board a written notice of such exclusion, executed by the Chief Financial Officer, describing the Pledged General Revenues to be excluded and certifying that the percentage obtained by dividing (i) Maximum Annual Debt Service by (ii) the sum of the University's unrestricted current funds

expenditures plus mandatory transfers for the most recent Fiscal Year for which audited financial statements are available does not exceed the greater of (A) 9% or (B) that percentage (currently 7%) designated by the Secretary of Finance of the Commonwealth under the Alternative Construction and Financing Guidelines. In addition, the University may at any time add to the definition of Pledged General Revenues hereunder any General Revenues that are not then subject to the lien hereof by filing with the Treasury Board a written notice of such addition and a description of the General Revenues to be added.

Section 4.3 Computation Assumptions. For purposes of computing Maximum Annual Debt Service under this Article IV, the following rules shall apply:

(a) Maximum Annual Debt Service on any Balloon Credit Obligation in each Fiscal Year will be assumed to be the sum of (i) the principal and interest due in that Fiscal Year (except any Fiscal Year in which more than 25% of the principal amount of the Credit Obligation is due, in which case this amount shall be zero) and (ii) the amount of principal and interest assigned to that Fiscal Year assuming that the amount of principal due in any Fiscal Year in which more than 25% of the principal amount of the Credit Obligation is due is computed on a level annual debt service schedule calculated at the interest rate on the Credit Obligation for a period of 30 years from the date of issuance.

(b) Maximum Annual Debt Service on any Put Credit Obligation in each Fiscal Year will be assumed to be the sum of (i) the principal and interest due in that Fiscal Year and (ii) the amount of principal and interest determined by amortizing from its incurrence date the amount of principal that may become subject to mandatory purchase (including purchase that may be required at the option of the owner of the Credit Obligation) in any Fiscal Year in which more than 25% of the principal amount of the Credit Obligation may be subject to such mandatory purchase on a level annual debt service schedule calculated as described in (a) above.

(c) Maximum Annual Debt Service will be assumed to exclude capitalized interest on Credit Obligations and principal of and interest on Credit Obligations to the extent that amounts are on deposit in an irrevocable escrow or are derived from the proceeds of other Credit Obligations (including the earnings or other increment to accrue thereon) that must be applied to pay such principal and interest and such amounts are sufficient to pay such principal and interest.

(d) The annual payment obligation represented by a Guaranty will, so long as such Guaranty constitutes a contingent liability, be assumed to be zero unless the University is required to make a payment pursuant to such Guaranty, in which case for each of the two next succeeding Fiscal Years, 100% of the maximum annual payment obligation under the Guaranty will be assumed to be a Credit Obligation of the University.

(e) The interest rate on any Variable Rate Credit Obligation will be assumed to be the average interest rate for the most recent 36-month period. However, if the Variable Rate Credit Obligation has not been outstanding for 36 months, the interest rate will be assumed to be the higher of (i) the average interest rate in effect for the 12-month period preceding the date of calculation or (ii) the interest rate in effect on the date of calculation.

(f) For any Credit Obligation for which a binding commitment, letter of credit or other credit arrangement providing for the extension of such Credit Obligation beyond its original maturity date exists, the computation of Maximum Annual Debt Service will be made on the assumption that such Credit Obligation will be amortized either (i) in accordance with such credit arrangement or (ii) over a period of 30 years from its original maturity date, whichever is longer.

ARTICLE V PAYING AGENT

Section 5.1 Paying Agent. (a) The Paying Agent shall be selected by the University's Executive Vice President or the University's Treasurer prior to the issuance of the Bonds. The Paying Agent and any successor Paying Agent, by written instrument delivered to the University shall accept the duties and obligations imposed on it under this Series Resolution and shall act on behalf of the Bondholders. Unless a separate Registrar is appointed by the Chief Financial Officer, the Paying Agent shall assume the duties and obligations imposed on the bond registrar (the "Registrar").

(b) Any provision hereof to the contrary notwithstanding, the Paying Agent shall never be required to make any payments except from funds provided to it by the University, or the State Treasurer as its agent.

(c) If at any time the Paying Agent is unable or unwilling to act as Paying Agent, the Paying Agent may resign, upon 30 days' prior written notice to the University. Such resignation shall become effective upon the date specified in such notice, unless a successor Paying Agent has not been appointed, in which case such resignation shall become effective upon the appointment of such successor. The Paying Agent may be removed at any time by the University, by written notice signed by the Chief Financial Officer delivered to the Paying Agent and each Bondholder. The University will promptly certify to the Paying Agent that it has mailed such notice and such certificate will be conclusive evidence that such notice was given in the manner required hereby. Upon resignation or removal of the Paying Agent, the Chief Financial Officer shall appoint a successor Paying Agent, which shall be the State Treasurer or a commercial bank or trust company, which has a capital and surplus of at least \$50,000,000 and shall be registered as a transfer agent with the Securities and Exchange Commission. Upon the resignation or removal of the Paying Agent, the Paying Agent shall pay over, assign and deliver any moneys and Bonds held by it in trust pursuant to the Resolution to its successor.

Section 5.2 Certain Rights of the Paying Agent. (a) The Paying Agent may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction consent, order, bond or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The Paying Agent may rely and shall be protected in acting or refraining from acting upon any telephonic instructions received by a person identifying himself as an employee or agent of the proper party or parties and reasonably believed by the Paying Agent to be authorized to do so.

(c) The permissive right of the Paying Agent to do things set forth in this Series Resolution shall not be construed as a duty, and the Paying Agent shall not be liable for other than its gross negligence or willful misconduct.

(d) The Paying Agent may consult with counsel and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(e) The Paying Agent shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond or other paper or document, but the Paying Agent, in its sole discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

(f) The Paying Agent may perform any duties hereunder either directly or by or through agents or attorneys, and the Paying Agent shall be responsible for any intentional misconduct or gross negligence on the part of any agent or attorney appointed by it.

(g) The University shall pay all reasonable expenses of the Paying Agent including attorneys' fees incurred in connection with its performance of its duties hereunder.

Section 5.3 Registration of Transfer and Exchange of Bonds. No registration of transfer of a Bond shall be required to be made from a Record Date to the next succeeding Interest Payment Date or if a Bond shall have been selected or called for redemption. No exchange of a Bond shall be required to be made from a Record Date to the next succeeding Interest Payment Date or if a Bond shall have been selected or called for redemption.

ARTICLE VI AMENDMENTS AND SUPPLEMENTS

Section 6.1 Amendments to Series Resolution. This Series Resolution may be amended or supplemented in a similar manner and upon similar terms and conditions as the Master Resolution may be amended or supplemented.

Section 6.2 Amendments to Series Resolution Prior to Delivery of Bonds. On or prior to the delivery of the Bonds, the University's Executive Vice President or the University's Treasurer may make such changes to this Series Resolution as shall be necessary to accurately reflect all negotiations among the University, the State Treasurer and the Underwriters with respect to the structuring of the financing, including, without limitation, the terms and provisions of the Bonds and whether the Bonds are to be insured or credit enhanced, in whole or in part; provided, however, that no such amendment shall increase the principal amount of the Bonds by greater than 10%. On or prior to the delivery of the Bonds, the University's Executive Vice President or the University's Treasurer shall deliver to the Secretary of the Board a copy of this Series Resolution with all of the changes referred to in the preceding sentence (the "Final Resolution"), together with a certificate of the University's Executive Vice President or the University's Treasurer to the effect that the resolution so delivered is the Final Resolution. The Secretary shall file such Final Resolution with

the minutes of the meeting at which this Series Resolution is adopted. The certificate of the University's Executive Vice President or the University's Treasurer referred to above shall be conclusive evidence that any changes made are approved and effective as if such Final Resolution were adopted by the Board.

ARTICLE VII MISCELLANEOUS

Section 7.1 Approval, Execution and Delivery of Necessary and Appropriate Documents. The Preliminary Official Statement of the University relating to the offering of the Bonds for sale, and the distribution thereof by the Underwriters, are hereby approved, ratified and confirmed. The University's Executive Vice President or the University's Treasurer is authorized to "deem final" the Preliminary Official Statement as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. The University's Executive Vice President or the University's Treasurer is also authorized to negotiate, execute and deliver and deem final, in necessary and appropriate form, the following documents:

- (a) a final Official Statement relating to the offering of the Bonds for sale, in substantially the form presented at the meeting at which this Series Resolution is adopted;
- (b) the Bond Purchase Agreement relating to the purchase of the Bonds, in substantially the form presented at the meeting at which this Series Resolution is adopted, such Bond Purchase Agreement providing for a maximum true interest cost of 5.0%;
- (c) the Escrow Deposit Agreement, with an Escrow Agent selected by the University's Executive Vice President or the University's Treasurer prior to issuance of the Bonds, in substantially the form presented at the meeting at which this Series Resolution is adopted; and
- (d) such other documents and instruments as he deems necessary or appropriate in connection with the issuance of the Bonds, so long as such documents and instruments do not conflict with the intent of this Series Resolution.

Section 7.2 Bond Delivery. All directors, officers and employees of the University are hereby authorized to take all actions necessary to accomplish the delivery of the Bonds to the Underwriters.

Section 7.3 Amendment to Master Resolution. In accordance with Sections 10.1 and 10.4 of the Master Resolution, Section 5.10 of the Master Resolution is hereby amended and restated in its entirety as follows:

Section 5.10 Application of Moneys in the Surplus Fund. Moneys held for the credit of the Surplus Fund may be used for any lawful purpose directly benefiting the University as may from time to time be determined by the Board.

Section 7.4 Governing Law. This Series Resolution is adopted with the intent that the laws of the Commonwealth shall govern its construction.

Section 7.5 Repeal of Inconsistent Provisions. Any prior resolutions or provisions of resolutions of the Board inconsistent with any provisions of this Series Resolution are hereby repealed.

Section 7.6 Filings. The Secretary of the Board is hereby authorized and directed to file a certified copy of this Series Resolution with the Governor and the Treasury Board.

Section 7.7 Continuing Disclosure. (a) General. The University desires to comply with the provisions of Section (b)(5)(i) of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission (“SEC”) providing for continuing disclosure. In order to accomplish this, the University covenants to do the following:

(i) The University shall annually provide certain financial information and operating data in accordance with the provisions of Section (b)(5)(i) of the Rule, as follows:

(1) audited financial statements, prepared in accordance with generally accepted accounting principles will be provided; and

(2) the operating data with respect to the University of the type appearing in portions of the Official Statement in final form describing the University under the following heading: “THE SYSTEMS – The University Services System – Net Revenues of the University Services System”; and in Appendix A to the Official Statement under the following headings: Admission Policy and Students; Enrollment; Summary of Unrestricted Current Fund Revenues, Expenditures and other Changes; General Fund Appropriations from the Commonwealth; and Tuition and Financial Assistance.

(ii) The University shall annually provide the financial information and operating data described in subsection (a)(i) above (the “Continuing Disclosure”) within seven months after the end of the University's fiscal year, commencing with the University's fiscal year ending June 30, 2004, to each nationally recognized municipal securities information repository (“NRMSIR”) and to the appropriate state information depository (“SID”) if any is hereafter created.

(iii) Any of the Continuing Disclosure may be included by specific reference to other documents previously provided to each NRMSIR and to the appropriate SID, if any is hereafter created, or filed with the SEC; provided, however, that any final official statement incorporated by reference must be available from the Municipal Securities Rulemaking Board (the “MSRB”).

(iv) The University shall provide in a timely manner to each NRMSIR or the MSRB and to the appropriate SID, if any is hereafter created, notice specifying any failure of the University to provide the Continuing Disclosure by the date specified in subsection (a)(ii).

(b) Event Disclosure. The University shall provide in a timely manner to each NRMSIR or the MSRB and with the appropriate SID, if any is hereafter created, notice of the incurrence of any of the following events with respect to the Bonds, if material:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on any credit enhancement reflecting financial difficulties;
- (v) substitution of credit or liquidity provider, or their failure to perform;
- (vi) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (vii) modifications to rights of Bondholders;
- (viii) bond calls;
- (ix) defeasance of all or any portion of the Bonds;
- (x) release, substitution, or sale of property securing repayment of the Bonds; and
- (xi) rating changes.

(c) Termination. The covenants and obligations of the University specified in subsections (a) and (b) above will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all of the Bonds.

(d) Amendment. The University will modify its obligations contained in subsections (a) and (b) above to comply with subsequent changes to the Rule which shall not require the consent of Bondholders. The University also reserves the right to modify its obligations contained in subsections (a) and (b) above without the consent of Bondholders, provided that such modification complies with the Rule as it exists at the time of modification.

(e) Additional Disclosure. The University may from time to time disclose information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, the University shall not incur any obligation to continue to provide, or to update, such additional information or data.

(f) No Default. (i) If the University fails to comply with any covenant or obligation specified in this Section 7.6, any holder (within the meaning of the Rule) of Bonds then outstanding may, by notice to the University, proceed to protect and enforce its rights and the rights of the holders by an action for specific performance of the University's covenant to provide financial information, operating data and event disclosure. If the information provided by the University

under this Section is considered inadequate, the holders of not less than 25% in the aggregate principal amount of Bonds outstanding may take such actions as may be necessary or appropriate to compel performance by the University of its obligation.

(ii) Notwithstanding the foregoing, a failure of the University to provide any report or notice under this Section 6.12 shall not be deemed an event of default under this Resolution or the Bonds, and the sole remedy to comply with its undertaking in this Section shall be an action to compel performance. Nothing in this provision shall be deemed to restrict the rights or remedies of any holder pursuant to the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, or other applicable laws.

1227182v4

EXHIBIT A

No. _____

**UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA**

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

**UNIVERSITY SERVICES SYSTEM AND
GENERAL REVENUE PLEDGE REFUNDING BOND
SERIES 2004C**

INTEREST RATE: MATURITY DATE: DATED DATE: CUSIP:
June 1, ____ May 1, 2004

REGISTERED OWNER:

PRINCIPAL AMOUNT:

Virginia Polytechnic Institute and State University (the "University"), the educational institution at Blacksburg, Virginia, for value received, hereby promises to pay, solely from the funds provided therefor as hereinafter set forth, to the registered owner named above, on the maturity date set forth above (or earlier as hereinafter set forth), upon the presentation and surrender hereof, the principal sum set forth above and to pay, solely from said funds, interest thereon from the date hereof at the rate per annum set forth above, until payment of said principal sum. Both the principal of and the interest on this Bond are payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal or redemption price of this Bond shall be payable, upon surrender of this Bond, at the office of the State Treasurer of the Commonwealth of Virginia, as Paying Agent (the "Paying Agent"), in Richmond, Virginia. Payment of interest on this Bond shall be made by check or draft mailed on the Interest Payment Date to the registered owner as of the close of business on the 15th day of the month immediately preceding such Interest Payment Date (the "Record Date") at his address as it appears on the registration books of the Paying Agent, as Registrar (the "Registrar"). Notwithstanding the foregoing, if and for so long as Cede & Co. or any other nominee of the Depository Trust Company, New York, New York, is registered owner of all of the Bonds, the principal of and premium, if any, on this Bond shall be paid to Cede & Co. or such other nominee as provided under the Resolution described below. The term "Interest Payment Date" means each December 1 and June 1, commencing December 1, 2004 (unless such date is not a Business Day, in which event payment of interest shall be made on the next succeeding Business Day).

This Bond shall bear interest from the Interest Payment Date next preceding the date on which it is authenticated, unless this Bond is (a) authenticated before the first Interest Payment Date

following the initial delivery of the Bonds, in which case it shall bear interest from May 1, 2004 or (b) authenticated upon an Interest Payment Date, in which case it shall bear interest from such Interest Payment Date; provided, however, that if at the time of authentication of this Bond interest is in default, this Bond shall bear interest from the date to which interest has been paid. Interest on this Bond shall be computed on the basis of a 360-day year of twelve 30-day months.

The University shall not be obligated to pay the principal of or interest on this Bond except from the Pledged General Revenues and the Net Revenues of the University's University Services System and other legally available moneys, all as provided in the Resolution hereinafter referred to. This Bond and the interest hereon shall not be deemed to constitute a debt or liability of the Commonwealth of Virginia, legal, moral or otherwise. Neither the Commonwealth of Virginia nor the University shall be obligated to pay the principal of or interest on this Bond or other costs incident thereto except from the sources noted above, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia nor any other revenues or funds of the University are pledged to the payment of the principal of or interest on this Bond or other costs incident thereto.

This Bond is one of a duly authorized issue of Bonds of the University aggregating \$_____ in principal amount, known as "University Services System and General Revenue Pledge Refunding Bonds, Series 2004C" (the "Bonds"), issued under and pursuant to a resolution adopted by the Board (as hereinafter defined) on August 26, 1996 (the "Master Resolution"), as supplemented by a Series Resolution adopted by the Board on March 29, 2004 (the "Series Resolution") (said Master Resolution, as supplemented, being herein called the "Resolution"). This Bond is issued and the Resolution was adopted under and pursuant to the Constitution and laws of the Commonwealth of Virginia, particularly Chapter 3, Title 23, Code of Virginia of 1950, as amended (herein called the "Act"). Reference is hereby made to the Resolution for the provisions, among others, with respect to the custody and application of the proceeds of Bonds issued under the Resolution, the collection and disposition of revenues, the funds charged with and pledged to the payment of the interest on and the principal of the Bonds, the nature and extent of the security, the terms and conditions on which the Bonds are or may be issued, the rights, duties and obligations of the University and the rights of the holders of the Bonds. Capitalized terms not defined herein shall be as defined in the Resolution. By the acceptance of this Bond, the holder hereof assents to all of the provisions of the Resolution.

The Resolution provides for the issuance from time to time, under the conditions, limitations and restrictions set forth therein, of additional series of bonds on a parity with the Bonds.

The Bonds maturing on or after June 1, 20__ are subject to optional redemption by the University on or after June 1, 20__ in whole or in part at any time (in any integral multiple of \$5,000) at the redemption prices (expressed as percentages of principal amount of Bonds to be redeemed) set forth below plus accrued interest to the redemption date:

<u>Redemption Period</u>	<u>Price</u>
June 1, 20__ through May 31, 20__	102%
June 1, 20__ through May 31, 20__	101
June 1, 20__ and thereafter	100

The Bonds maturing on June 1, 20__ are subject to mandatory sinking fund redemption prior to maturity, on each June 1 of the following years in the following principal amounts at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
20__	\$
20__	
20__ (Final Maturity)	

In the event that less than all of the Bonds are to be redeemed, the Bonds (or portions of Bonds) to be redeemed shall be selected by the University.

This Bond is transferable by the registered owner, in person or by its attorney duly authorized in writing, at the principal corporate trust office of the Paying Agent, upon surrender of this Bond to the Paying Agent for cancellation. Upon the transfer, a new Bond or Bonds of the same aggregate principal amount, maturity date and interest rate will be issued to the transferee. No transfer will be effective unless represented by such surrender and reissue. This Bond may also be exchanged at the principal corporate trust office of the Paying Agent for a new Bond or Bonds of the same aggregate principal amount, maturity date and interest rate without transfer to a new registered owner. Exchanges and transfers will be without expense to the holder except for applicable taxes or other governmental charges, if any. The Paying Agent shall not be required to transfer or exchange any Bond selected or called for redemption pursuant to the provisions hereof or from a Record Date through the next succeeding Interest Payment Date. All Bonds delivered in exchange or transfer shall be dated so that neither gain nor loss results from the transfer or exchange.

The University and the Paying Agent may treat the registered owner as the absolute owner of this Bond for all purposes, notwithstanding any notice to the contrary.

Neither the members of the Board nor any person executing this Bond are liable personally hereon or subject to any personal liability or accountability by reason of the issuance hereof.

This Bond will not be valid until the Certificate of Authentication has been signed by the Paying Agent.

The holder of this Bond shall have no right to enforce the provisions of the Resolution or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Resolution, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Resolution.

All acts, conditions and things required by the Constitution and laws of the Commonwealth of Virginia and by the rules and regulations of the Board of Visitors of the University (the "Board") to happen, exist and be performed precedent to and in the issuance of this Bond have happened, exist and have been performed as so required.

IN WITNESS WHEREOF, Virginia Polytechnic Institute and State University has caused this Bond to be issued in its name and caused this Bond to bear the facsimile signatures of its President and the University's Executive Vice President or the University's Treasurer and its official seal to be impressed or imprinted hereon, all as of the 1st day of May, 2004.

[SEAL]

[Executive Vice President] [Treasurer]
of Virginia Polytechnic
Institute and State
University

President of Virginia
Polytechnic Institute and
State University

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolution.

Date of Authentication:

_____, 2004

REGISTRAR:

State Treasurer of the Commonwealth of Virginia

FORM OF ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please print or typewrite name and address, including zip code, of Transferee)

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBERS OF TRANSFEREE

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Registered Owner

The signature above must correspond with the name of the Registered Owner as it appears on the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guarantee

The signature of the transferor of this Bond must be guaranteed by an institution participating in the Securities Transfer Agent Medallion Program ("STAMP") or similar program.)

Please affix signature guarantee ink stamp below with appropriate signature, title of officer and date:

Signature

Title

Date

RECOMMENDATION:

That the above University Services System Series Resolution identifying the President, the Executive Vice President and University Treasurer as authorized officers to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the sale and issuance of the bonds be approved.

March 29, 2004

**VIRGINIA POLYTECHNIC INSTITUTE
AND STATE UNIVERSITY**

\$ _____
General Revenue Pledge Refunding Bonds, Series 2004A

\$ _____
**Dormitory and Dining Hall System and
General Revenue Pledge Refunding Bonds, Series 2004B**

\$ _____
**University Services System and
General Revenue Pledge Refunding Bonds, Series 2004C**

\$ _____
**Athletic Facilities System and
General Revenue Pledge Bonds, Series 2004D**

Bond Purchase Agreement

_____, 2004

Virginia Polytechnic Institute
and State University
c/o Executive Vice President
210B Burruss Hall
Blacksburg, Virginia 24061

Ladies and Gentlemen:

This is to confirm the agreement among the Virginia Polytechnic Institute and State University (the "University") and Morgan Keegan & Company, Inc. ("Morgan Keegan"), Morgan Stanley & Co., Incorporated and Davenport & Company LLC (together, the "Underwriters"), concerning the sale by the University and the purchase by the Underwriters of the University's \$_____ General Revenue Pledge Refunding Bonds, Series 2004A (the "Series 2004A Bonds"), its \$_____ Dormitory and Dining Hall System and General Revenue Pledge Refunding Bonds, Series 2004B (the "Series 2004B Bonds"), its \$_____ University Services System and General Revenue Pledge Refunding Bonds, Series 2004C (the "Series 2004C Bonds"), and its \$_____ Athletic Facilities System and General Revenue Pledge Bonds, Series 2004D (the "Series 2004D Bonds" together with the Series 2004A Bonds, the Series 2004B Bonds and the Series 2004C Bonds, the "Bonds"), dated May 1, 2004 and maturing on the dates, bearing interest at the rates and subject to redemption at the times and in the manner as set forth in Exhibit A hereto. This offer is made subject to acceptance by the University prior to 5:00 p.m., Eastern Time, on the date hereof. If this offer is not so accepted, it is subject to withdrawal by the Underwriters upon written notice delivered to the University at any time prior to acceptance.

Section 1. Purpose of Financing; Security and Authorization. The Bonds are being issued by the University under Chapter 3, Title 23, Code of Virginia of 1950, as amended (the "Act"). The proceeds of the Series 2004 Bonds are being used to refund a portion of the outstanding principal amount of the following indebtedness of the University originally issued in the principal amounts shown (collectively, the "Refunded Bonds"): \$45,190,000 General Revenue Pledge Bonds, Series 1996A (the "1996A General Revenue Pledge Bonds"), \$10,225,000 Dormitory and Dining Hall System and General Revenue Pledge Bonds, Series 1996B (the "1996B Dormitory Bonds"), and \$21,175,000 University Services System and General Revenue Pledge Bonds, Series 1996C (the "1996C Services Bonds"). The Series 2004A Bonds are being issued to refund a portion of the outstanding principal amount of the 1996A General Revenue Pledge Bonds. The Series 2004B Bonds are being issued to refund a portion of the outstanding principal amount of the 1996B Dormitory Bonds. The Series 2004C Bonds are being issued to refund a portion of the outstanding principal amount of the 1996C Services Bonds. The Series 2004D Bonds are being issued to finance, in part, the construction and equipping of additions and improvements to the University's Lane Stadium (the "West Side Lane Stadium Project"), to refund a portion of the outstanding principal amount of the 1996A General Revenue Pledge Bonds relating to the University's athletic facilities and to pay capitalized interest on a portion of the Series 2004D Bonds.

The 1996 General Revenue Pledge Bonds were issued to finance, in part, the construction and equipment of the following projects (the "1996A General Revenue Pledge Projects"): (i) a new architecture and engineering facility at the University, (ii) improvements to the University's coal-fired power plant, (iii) additions and improvements to the University's athletic facilities and (iv) renovations to the University's Continuing Education Center and Alumni Hall. The 1996B Dormitory Bonds were issued to finance construction of two new residence halls that are part of the Dormitory System (the "1996B Dormitory Project"). The 1996C Services Bonds were issued to finance construction of a student health and fitness center that is part of the University Services System (the "1996C Student Health Project", together with the 1996A General Revenue Pledge Projects and the 1996B Dormitory Project, the "1996 Projects").

The Series 2004A Bonds will be issued under the Act pursuant to the terms of a resolution adopted by the Board of Visitors of the University (the "Board") on March 29, 2004 (the "Series 2004A Bonds Resolution"). The Series 2004B Bonds will be issued under the Act pursuant to the terms of a resolution, as supplemented and adopted by the Board on August 26, 1996, and as further supplemented by a series resolution relating to the Series 2004B Bonds, adopted by the Board on March 29, 2004 (together, the "Series 2004B Bonds Resolution"). The Series 2004C Bonds will be issued under the Act pursuant to the terms of a resolution, and as further supplemented and adopted by the Board on August 26, 1996, as supplemented by a series resolution relating to the Series 2004C Bonds, adopted by the Board on March 29, 2004 (together, the "Series 2004C Series Resolution"). The Series 2004D Bonds will be issued under the Act pursuant to the terms of a resolution, as supplemented by a series resolution relating to the Series 2004D Bonds, each adopted by the Board on March 29, 2004 (the "Series 2004D Bonds Resolution" together with the Series 2004A Bonds Resolution, the Series 2004B Bonds Resolution and the Series 2004C Bonds Resolution and the Series 2004D Bonds Resolution are the "Resolutions"). Each Resolution authorizes the [State Treasurer] to hold certain funds and to take certain actions as Paying Agent in accordance with the Act.

The Series 2004A Bonds are secured by and payable from Pledged General Revenues of the University. The Series 2004B Bonds are secured by and payable from the Net Revenues of the University's dormitory and dining hall system (the "Dormitory System") and are further secured by Pledged General Revenues of the University. The Series 2004C Bonds are secured by and payable from the Net Revenues of the University's services system (the "University Services System") and are further secured by Pledged General Revenues of the University. The Series 2004D Bonds are secured by and payable from the Net Revenues of the University's athletic facilities system (the "Athletic Facilities System") and are further secured by Pledged General Revenues of the University.

The proceeds of all of the Series 2004A Bonds, all of the Series 2004B Bonds, all of the Series 2004C Bonds and a portion of the Series 2004D Bonds will be deposited with _____ as escrow agent (the "Escrow Agent") under four separate Escrow Deposit Agreements, each dated as of _____, 2004 (the "Escrow Agreements"), between the Escrow Agent and the University, and used to pay all or a portion of the 1996A General Revenue Pledge Bonds, the 1996B Dormitory Bonds and the 1996C Services Bonds on the dates specified therein. The proceeds of the Series 2004A Bonds will be applied to redeem a portion of the 1996A General Revenue Pledge Bonds, the proceeds of the Series 2004B Bonds will be applied to redeem a portion of the 1996B Dormitory Bonds, the proceeds of the Series 2004C Bonds will be applied to redeem all or a portion of the 1996C Services Bonds and a portion of the Series 2004D Bonds will be applied to redeem a portion of the 1996A General Revenue Pledge Bonds on the dates specified in the Escrow Agreements.

The Bonds, the Resolutions and the Escrow Agreements will be in the forms previously submitted to you, with only such subsequent amendments as shall be approved by you and us.

Section 2. Representations and Warranties of the University. The University makes the following representations and warranties:

(a) The University is a corporation created pursuant to Chapter 11, Title 23, Code of Virginia of 1950, as amended, and pursuant to the Act, is a public body and governmental instrumentality of the Commonwealth of Virginia.

(b) The University is authorized under the Act to adopt the Resolutions, to enter into this Bond Purchase Agreement and the Escrow Agreements, to pledge and assign the Pledged General Revenues and the Net Revenues of the Dormitory System, the University Services System and the Athletic Facilities System (together, the "Systems") as security for the payment of the principal of and interest on the respective series of Bonds to which they are pledged and to issue the Bonds.

(c) The University has full power and authority to consummate the transactions contemplated by this Bond Purchase Agreement, the Bonds, the Resolutions, the Escrow Agreements (all of which are hereinafter referred to as the "Bond Documents") and the Official Statement (as hereinafter defined).

(d) Prior to the Closing Date, the University shall have duly adopted the Resolutions providing for the issuance of and security for the Bonds, and duly authorized all

necessary action to be taken by it for (i) the issuance and sale of the Bonds upon the terms set forth herein and in the Official Statement; (ii) the approval of the Official Statement and the signing of the Official Statement by a duly authorized officer; and (iii) the approval, execution, delivery and receipt by the University of the Bond Documents, and any and all such other agreements and documents as may be required to be executed, delivered and received by the University in order to carry out, give effect to, and consummate the transactions contemplated hereby and by the Official Statement.

(e) The Resolutions shall be in substantially the forms heretofore submitted to and approved by the Underwriters with only such changes therein or modifications thereof acceptable to both the Underwriters and the University. The Bonds, when issued, delivered and paid for as herein and in the Resolutions provided, will have been duly authorized and issued and will constitute valid and binding limited obligations of the University entitled to the benefits and security of the Resolutions. The Resolutions constitute, and the Bonds when issued, authenticated and delivered to the Underwriters in accordance with the Resolutions and this Bond Purchase Agreement will constitute, legal, valid and binding obligations of the University, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), and to the extent enforceability may be limited by sovereign immunity, or other applicable provisions of law relating to judgments against the Commonwealth of Virginia, its public corporations, agencies and political subdivisions.

(f) The proceeds from the sale of the Bonds shall be used to finance, in part, the cost of the West Side Lane Stadium Project, to refund and redeem the Refunded Bonds in full, to pay costs of issuance of the Bonds and to pay capitalized interest on a portion of the Series 2004D Bonds. The West Side Lane Stadium Project is a project authorized to be financed with the proceeds of the Bonds pursuant to the Act.

(g) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to the knowledge of the University, threatened against or affecting the University (or, to the knowledge of the University, any meritorious basis therefor) contesting the due organization and valid existence of the University or wherein an unfavorable decision, ruling or finding would adversely affect (i) the transactions contemplated hereby or by the Official Statement or the validity or due adoption of the Resolutions or any part thereof or the validity of the Bonds, this Bond Purchase Agreement, the other Bond Documents or any agreement or instrument to which the University is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the Official Statement, (ii) the exclusion from gross income for federal income tax purposes of the interest on the Bonds, and (iii) the functioning of the University or the collection of the Pledged General Revenues or the Net Revenues of the respective Systems by the University.

(h) The adoption of the Resolutions and the execution and delivery by the University of the Official Statement, the Bond Documents and the other documents contemplated hereby and by the Official Statement, and compliance by the University with the provisions thereof do not and will not conflict with or constitute on the part of the University a

breach of or a default under any existing law, administrative regulation, decree, order or any agreement, resolution, indenture, mortgage or lease by which it now is, or on the Closing Date will be, bound.

(i) The University is not in default in the payment of the principal of or interest on the Refunded Bonds or any of its other indebtedness for borrowed money and is not in default under any instrument under or subject to which any indebtedness for borrowed money has been incurred. No event has occurred and is continuing under the provisions of any such instrument that with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder.

(j) The University is not a party to any contract or agreement or subject to any statutory or other restriction not disclosed in the Official Statement, the performance of or compliance with which may have a material adverse effect on the financial condition or operations of the University.

(k) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter have been duly obtained which are required for the due authorization of or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the University of its obligations in connection with the issuance of the Bonds under this Bond Purchase Agreement and the Resolutions, except for approval by the Governor of the Commonwealth of Virginia and except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds.

(l) The audited financial statements of the University certified by the Auditor of Public Accounts contained in the Official Statement and included in Appendix B thereto (the "Financial Statements"), and the Summary of Unrestricted Current Fund Revenues, Expenditures and Other Changes included in Appendix A to the Official Statement fairly present the University's financial condition as of such dates and the results of its operations for the periods shown therein. There has been no material adverse change in the financial affairs of the University since June 30, 2003.

(m) Any certificate signed by an authorized officer of the University and delivered to the Underwriters shall be deemed a representation and warranty by the University to the Underwriters as to the statements made therein.

Section 3. Issuance, Sale and Purchase of the Bonds. (a) On the basis of the representations and warranties contained herein and the other agreements referred to herein and subject to the terms and conditions set forth herein, the University agrees to issue and sell to the Underwriters, and the Underwriters agree, jointly and severally, to purchase from the University, all but not less than all of the Bonds at the purchase prices for each series set forth in Exhibit A.

(a) Having approved the terms of such issuance and sale, the University hereby sells the Bonds to the Underwriters subject to the terms of this Bond Purchase Agreement. The delivery and sale of the Bonds (the "Closing") will be at such place in

Richmond, Virginia as Morgan Keegan may designate, at 10:00 a.m., Eastern Time, on May 12, 2004, or at such other time or such other place or on such other date as the University and Morgan Keegan may agree upon (the "Closing Date"). The Underwriters shall pay for the Bonds by one or more bank wires of Federal Funds in the aggregate amount of the respective purchase prices for each series to the Treasurer of the Commonwealth of Virginia and, if the University so directs the Underwriters in writing at least 48 hours prior to the Closing Date, to the Escrow Agent and the Paying Agents, in each case for the account of the University.

(b) The Underwriters have delivered to the Treasurer of Virginia a corporate check in the amount of \$_____ for the account of the University. The State Treasurer will, as security for the faithful performance by us of our obligations under this Bond Purchase Agreement, hold the check uncashed until disposed of as follows:

(i) Upon the Closing, the check will be returned to us;

(ii) If the University fails to deliver the Bonds at the Closing, or if the University is unable on or before the Closing to satisfy the conditions to the obligations of the Underwriters contained in this Bond Purchase Agreement, or if the obligations of the Underwriters are terminated for any reason permitted by this Bond Purchase Agreement, the check will be promptly returned to the Underwriters; or

(iii) If the Underwriters fail (other than for a reason permitted in this Bond Purchase Agreement) to accept and pay for the Bonds upon their tender by the University as provided in this Bond Purchase Agreement, the check will be retained and cashed by the State Treasurer for the University's account as and for full liquidated damages for such failure and for any and all defaults on the part of the Underwriters, and the payment of the check will constitute satisfaction and will result in full release and discharge of all claims and damages for such failure and for any and all such defaults.

(c) The Bonds will be issued in fully registered form with CUSIP identification numbers appearing thereon, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. One fully-registered Bond certificate will be issued for each maturity of each series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. Individual purchases of beneficial ownership interests in the Bonds will be made in book-entry form only and individual purchasers will not receive physical delivery of bond certificates.

Section 4. Official Statement; Offering by the Underwriters. (a) As soon as practicable after the acceptance hereof, the University shall deliver to the Underwriters two copies of the Official Statement with respect to the Bonds dated _____, 2004 (with any amendments or supplements thereto, the "Official Statement") in substantially the form of the University's Preliminary Official Statement with respect to the Bonds dated _____, 2004 (the "Preliminary Official Statement"), marked to include such changes as shall have been accepted by the Underwriters and as are necessary or desirable to reflect the terms of this Bond Purchase Agreement and to complete the document as an Official Statement in final form, executed and approved on behalf of the University by a duly authorized officer of the University.

(b) The University represents and warrants that as of the date thereof, the Preliminary Official Statement (except for information regarding the prices of the Bonds stated on the cover of the Preliminary Official Statement and information in the section entitled "TAX MATTERS," as to which the University makes no representation) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(c) The University represents and warrants that at the time of the University's acceptance hereof and (unless an event occurs of the nature described in subsection (g) of this Section 4) at all times subsequent thereto up to and including the Closing Date, the Official Statement (except for information regarding the prices of the Bonds stated on the cover of the Official Statement and the section entitled "TAX MATTERS," as to which the University makes no representation) does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) If the Official Statement is supplemented or amended pursuant to subsection (g) of this Section 4, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subsection) at all times subsequent thereto up to and including the Closing Date, the Official Statement as so supplemented or amended (except for information regarding the prices of the Bonds stated on the cover of the Official Statement and information in the section entitled "TAX MATTERS," as to which the University makes no representation) will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(e) The University shall cooperate with the Underwriters and their counsel in any endeavor to qualify the Bonds for offering and sale under the securities or "Blue Sky" laws of such jurisdictions of the United States as the Underwriters may request. The University consents to the use of the Preliminary Official Statement and the Official Statement by the Underwriters in obtaining such qualifications. If consent to service of process or written consent to suit by the University for the limited purpose of actions based on the sale of the Bonds is required in order to qualify successfully the Bonds and, in the reasonable judgment of the Underwriters, lack of qualification would adversely affect the ability of the Underwriters to market successfully the Bonds, the Underwriters, at their option, may be relieved of their obligations to purchase the Bonds under this Bond Purchase Agreement, unless the University

agrees to file such written consent to suit or service of process for the limited purpose of actions based on the sale of the Bonds.

(f) The Underwriters agree that they will offer the Bonds only pursuant to the Official Statement and only in states where the offer and sale of the Bonds are legal, either as exempt securities, as exempt transactions or as a result of due registration of the Bonds for sale in any such state, and only in compliance with the rules of the Municipal Securities Rulemaking Board in connection with the issuance, sale and delivery of the Bonds. The Underwriters agree to make a public offering of the Bonds at the initial offering prices or yields set forth on the cover of the Official Statement, but reserve the right to change such prices or yields as they may deem necessary or desirable in connection with the offering and sale of the Bonds and to sell the Bonds to dealers (including dealer banks and dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices. The Underwriters also reserve the right to over allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market and to discontinue such stabilizing, if commenced, at any time. The Underwriters agree to provide Troutman Sanders LLP, Bond Counsel, such certificates and information as Bond Counsel shall reasonably require concerning the offering and sale of the Bonds.

(g) The University shall take all actions and provide all information reasonably requested by the Underwriters to ensure that the Official Statement at all times during the initial offering and distribution of the Bonds does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading. If between the date of this Bond Purchase Agreement and the date twenty-five (25) days after the Closing, any event shall occur that might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, the University shall promptly notify the Underwriters, and, if in the reasonable opinion of the Underwriters, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the University shall supplement or amend the Official Statement in a form and in a manner approved by the Underwriters.

(h) The University represents and warrants that (i) as authorized in the Resolutions [the Chief Financial Officer] of the University deemed the Preliminary Official Statement final as of its date except for omitted information permitted under paragraph (b)(1) of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule") and (ii) the Official Statement constitutes as of the date hereof a final official statement within the meaning of paragraph (e)(3) of the Rule.

(i) The University shall provide to the Underwriters, as promptly as possible and in any case within seven business days from the date of this Bond Purchase Agreement, printed copies of the final Official Statement in sufficient quantity to permit compliance by the Underwriters with paragraph (b)(4) of the Rule.

(j) The University shall take all additional steps reasonably requested by the Underwriters or their counsel to enable compliance by the Underwriters with the Rule and with

the rules of the Municipal Securities Rulemaking Board in connection with the issuance, sale and delivery of the Bonds.

Section 5. Continuing Disclosure. In order to permit compliance by the Underwriters with the Rule, the University has agreed in the Resolutions to provide while the Bonds are outstanding: (a) not later than seven months after the end of each of its fiscal years, certain financial information and operating data, including audited financial statements for the preceding fiscal year, as described in the Resolutions and sufficient to permit the Underwriters to comply with Section(b)(5)(i) of the Rule, (b) timely notice of the failure of the University to provide the required financial information and operating data and (c) timely notice of the occurrence of certain material events with respect to the Bonds. Such annual financial information and material event notices shall be provided to each nationally recognized municipal securities information repository, the appropriate state information depository, if any is hereafter created, or the Municipal Securities Rulemaking Board, as required under the Rule.

Section 6. Conditions. The Underwriters' obligations hereunder are subject to:

(a) The accuracy on the Closing Date, as if made as of such date, of all representations and warranties of the University contained herein;

(b) The due performance by the University of its obligations hereunder;

(c) There being no material adverse change in the condition (financial or otherwise) of the University between the most recent dates as to which information is given in the Preliminary Official Statement and the Closing Date other than as reflected in or contemplated by the Official Statement, and there being on the Closing Date no material transactions or obligations not in the ordinary course of business entered into by the University subsequent to the date of the Preliminary Official Statement other than as reflected in or contemplated by the Official Statement; and

(d) Delivery of all documentation required by Section 7.

Section 7. Closing Documentation. There shall be delivered to the Underwriters at Closing the following, all dated the Closing Date and in form and substance reasonably satisfactory to the Underwriters:

(a) Evidence of approval of the issuance and sale of the Bonds by the General Assembly and the Governor of the Commonwealth of Virginia and its Treasury Board;

(b) The Official Statement executed on behalf of the University by a duly authorized official thereof;

(c) Certified copies of each of the Resolutions;

(d) A specimen Series 2004A Bond, Series 2004B Bond, Series 2004C Bond and Series 2004D Bond;

(e) Copies of the fully executed and delivered Escrow Agreements;

(f) A certificate, executed by an appropriate officer of the University, in substantially the form attached as Exhibit B;

(g) A certificate, executed by an appropriate officer of the Commonwealth, in substantially the form of Exhibit C;

(h) A letter of the Auditor of Public Accounts of the Commonwealth of Virginia in substantially the form attached as Exhibit D;

(i) A certificate, consent or statement signed by the Secretary of Finance of the Commonwealth to the effect that the issuance of the Bonds is in compliance with the guidelines promulgated by the Secretary of Finance pursuant to Section 23-19(d)(4) of the Code of Virginia of 1950, as amended, in substantially the form attached as Exhibit E;

(j) Certificates of the State Treasurer in substantially the form attached as Exhibits F and G;

(k) An opinion of Kay Heidbreder, Esquire, the Special Assistant Attorney General assigned as Associate General Counsel to the University, in substantially the form attached as Exhibit H;

(l) An opinion of an Assistant Attorney General of Virginia, in substantially the form attached as Exhibit I;

(m) An opinion of Bond Counsel, in substantially the form attached as Appendix G to the Official Statement;

(n) A supplemental opinion of Bond Counsel, in substantially the form attached as Exhibit J;

(o) A certificate of the Paying Agent certifying that all of the requirements for defeasance and discharge of all of the Refunded Bonds have been satisfied;

(p) An opinion of McGuireWoods LLP, counsel to the Underwriters, in substantially the form attached as Exhibit K;

(q) A copy of the letter or other confirmation from (i) Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P") indicating a rating of AA for all of the Bonds, and (ii) Moody's Investors Service, Inc. ("Moody's") indicating a rating of A1 for all of the Bonds, which ratings shall remain in effect as of the Closing Date;

(r) IRS Form 8038-G completed by the University with respect to each series of the Bonds;

(s) A report of _____, certified public accountants, verifying the arithmetical accuracy of certain computations included in the schedules provided by the Underwriters on behalf of the University relating to the mathematical computation of (i) the forecasted receipts of principal and interest on the U.S. Government Obligations deposited

in the escrows for, and the forecasted payments of principal and interest to redeem of the 1996A General Revenue Pledge Bonds, the 1996B Dormitory Bonds and the 1996C Services Bonds, and (ii) the yields on the Series 2004 Bonds and such escrowed U. S. Government Obligations; and

(t) Such additional legal opinions, certificates, proceedings, mathematical computations, instruments and other documents as either the Underwriters or Bond Counsel may reasonably request to evidence compliance by the University with legal requirements relevant to the issuance of the Bonds, the truth and accuracy as of the Closing Date of the representations of the University and the Commonwealth of Virginia, and information with respect to the University herein and in the Official Statement and the due performance or satisfaction by the University, at or prior to the Closing Date of all agreements contained herein or otherwise then to be performed and all conditions then to be satisfied by the University.

Section 8. Termination. The Underwriters shall have the right to cancel its obligations to purchase the Bonds if between the date hereof and the Closing:

(a) (i) Legislation shall be enacted or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration or shall be introduced in Congress and have an effective date prior to its date of enactment, (ii) a decision by a court of the United States or the United States Tax Court shall be rendered, or (iii) a ruling, regulation or statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed to be made with respect to federal taxation upon revenues or other income of the University or similar institutions or upon interest on obligations of the general character of the Bonds, or (iv) other action or events shall have transpired which (1) may have the purpose or effect, directly, or indirectly of changing the federal income tax consequences of any of the transactions contemplated in connection herewith or (2) in the reasonable opinion of the Underwriters, materially adversely affects the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds;

(b) An event described in subsection (g) of Section 4 hereof shall have occurred which in the reasonable opinion of the Underwriters requires the preparation and publication of a supplement or amendment to the Official Statement and the University shall have failed to prepare and publish an appropriate supplement or amendment to the Official Statement;

(c) Any rating of the University's bonds shall have been downgraded or withdrawn by S&P or Moody's and such action, in the opinion of the Underwriters, will materially adversely affect the marketability of the Bonds or the market price thereof;

(d) The University has, without the prior written consent of the Underwriters, offered or issued any bonds, notes or other obligations for borrowed money, or incurred any material liabilities, direct or contingent, in either case payable from Pledged General Revenues or the Net Revenues of the Systems (other than the Bonds) or there has been an adverse change

of a material nature in the financial position, results of operations or condition, financial or otherwise, of the University;

(e) There shall have occurred any outbreak of hostilities or any national or international calamity or crisis including financial crises, or a financial crisis or a default with respect to the debt obligations of, or the institution of proceedings under the federal or the state bankruptcy laws by or against, the Commonwealth of Virginia, or any agency or instrumentality thereof, the effect of which on the financial markets of the United State being such as, in the reasonable judgment of the Underwriters, would make it impracticable for the Underwriters to market the Bonds or to enforce contracts for the sale of the Bonds;

(f) There shall be in force a general suspension of trading on the New York Stock Exchange;

(g) A general banking moratorium shall have been declared by either federal, Virginia or New York authorities;

(h) Legislation shall be enacted or a decision by a court of the United States shall be rendered, or any action shall be taken by the Securities and Exchange Commission or other governmental agency having jurisdiction over the subject matter which, in the opinion of counsel to the Underwriters, may have the effect of requiring the contemplated distribution of the Bonds to be registered under the Securities Act of 1933, as amended, or the Resolutions, or any part thereof, to be qualified under the Trust Indenture Act of 1939, as amended;

(i) A stop order, ruling, regulation or official statement by or on behalf of the Securities and Exchange Commission shall be issued or made to the effect that the issuance, offering or sale of the Bonds, or of obligations of the general character of the Bonds as contemplated hereby, is in violation of any provision of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or the Trust Indenture Act of 1939, as amended;

(j) Any state "blue sky" or securities commission shall have withheld registration, exemption or clearance of the offering and, in the reasonable opinion of the Underwriters, the market for the Bonds is materially and adversely affected thereby;

(k) The University shall have sustained a substantial loss by fire, flood, accident or other calamity that, in the reasonable opinion of the Underwriters, shall render it inadvisable to proceed with the sale of the Bonds, whether or not such loss shall have been insured;

(l) Any legislation, ordinance, rule or regulation shall have been enacted or proposed or actively considered for enactment by any governmental body, department or agency of the Commonwealth of Virginia, or any political subdivision thereof, or any decision by any court of competent jurisdiction within the Commonwealth of Virginia shall have been rendered that, in the reasonable opinion of the Underwriters, materially and adversely affects the market price of any Bonds;

(m) Any event shall have occurred or shall exist that, in the reasonable opinion of the Underwriters, makes untrue or incorrect as of the Closing Date any statement or information contained in the Official Statement or that is not reflected in the Official Statement but should be reflected therein at such time in connection with the offering and sale of the Bonds in order to make the statements and information contained therein, in light of the circumstances under which they were made, not misleading in any material respect as of the Closing Date; or

(n) In the reasonable opinion of the Underwriters, the market price of any Bonds or the market price generally of obligations of the general character of the Bonds, has been adversely affected because (i) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, or (ii) the New York Stock Exchange, other national securities exchange or any governmental authority shall have imposed as to any Bonds or similar obligations any material restrictions not now in force, or increased materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriters.

Section 9. Limited Obligations of the University. The obligations of the University hereunder are subject to the performance by the Underwriters of their obligations hereunder.

Section 10. Continuation of the Agreement. All representations, warranties and agreements hereunder of the University shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriters and shall survive the Closing and the delivery of and payment for the Bonds or any termination of this Bond Purchase Agreement by the Underwriters pursuant to the terms hereof.

Section 11. Expenses. (a) Upon the issuance and delivery of the Bonds, the University shall pay from any sources legally available therefor any expenses incident to the performance of its obligations hereunder including but not limited to: (i) the cost of the preparation and printing of the Resolutions, (ii) the cost of the preparation and printing of drafts of and the Preliminary and final Official Statements, together with a number of copies thereof that the Underwriters deem reasonable; (iii) the cost of the preparation and printing of the Bonds; (iv) the fees and disbursements of Bond Counsel, and any other experts or consultants retained by the University; (v) the fees and disbursements of counsel to the Underwriters; (vi) any charges for rating the Bonds; and (vii) all other reasonable expenses, charges and disbursements relating to the University's obligations hereunder.

(a) The Underwriters shall pay (i) the cost of qualifying the Bonds for sale in various states chosen by them; (ii) all advertising expenses in connection with the initial offering of the Bonds; and (iii) all other expenses incurred by the Underwriters in connection with their public offering and distribution of the Bonds, except the fees and disbursements of counsel to the Underwriters which shall be paid by the University.

(b) In the event of the University's failure to deliver the Bonds as a result of the University's failure to take any action or perform any condition required of it under this Bond Purchase Agreement at the Closing or if the University shall be unable at the date of the Closing to satisfy the conditions of the Underwriters contained herein, the University shall pay from any

source legally available therefor the reasonable cost of (i) the preparation and printing of (1) the Bonds and (2) all drafts of and the Preliminary and final Official Statements and the Resolutions; and (ii) all reasonable expenses incurred by the Underwriters in connection with the Bonds including, but not limited to, the fees and disbursements of counsel and any other persons retained by the Underwriters, travel expenses and the qualification of the Bonds for sale in the various states, as agreed upon by the University.

(c) In the event that either the University or the Underwriters shall have paid obligations of the other as set forth in this Section 11, appropriate adjustments shall promptly be made.

Section 12. Agent for Underwriters. Any authority, discretion or other power conferred upon the Underwriters under any provision of this Bond Purchase Agreement may be exercised by Morgan Keegan. The payment for, acceptance of, and delivery and execution of any receipt for the Bonds and any other instruments upon or in connection with the Closing hereunder solely by Morgan Keegan, on behalf of the Underwriters, shall be valid and sufficient for all purposes and binding upon each of the Underwriters, provided that any such action by Morgan Keegan shall not impose any obligation or liability upon it or any other Underwriters other than as may arise as expressly set forth in this Bond Purchase Agreement.

Section 13. Immunity of Board of Visitors and Officers. No recourse shall be had for the payment of any amount due hereunder or for any claim based thereon or otherwise in respect thereof or of this Bond Purchase Agreement against any member of the Board of Visitors or officer or employee of the University whether past, present or future, whether by virtue of any constitution, statute or rule of law, all such liability, if any, being hereby expressly waived and released by the other parties hereto.

Section 14. Governing Law. This Bond Purchase Agreement shall be governed by the applicable laws of the Commonwealth of Virginia.

Section 15. Notices. Any notice or other communication to be given to the University under this Bond Purchase Agreement may be given by delivering the same in writing at its address set forth above, and any notice or other communication to be given to the Underwriters under this Bond Purchase Agreement may be given by delivering the same in writing to the Underwriters at c/o Morgan Keegan & Company, Inc., 951 East Byrd Street, Suite 930, Richmond, Virginia 23219 (Attention: Mr. James R. Johnson).

Section 16. Finders. The University and the Underwriters represent and warrant that no finder or other agent has been employed or consulted by any of them in connection with this transaction.

Section 17. Successors and Assigns. This Bond Purchase Agreement is made solely for the benefit of the University and the Underwriters (including the successors or assigns of the Underwriters), and no other person shall acquire or have any right hereunder or by virtue hereof.

Section 18. Counterparts. This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which together shall constitute one and the same document.

Section 19. Effective Date. This Bond Purchase Agreement shall become effective upon the University's acceptance hereof.

Very truly yours,

**MORGAN KEEGAN & COMPANY, INC., on
behalf of itself, Morgan Stanley & Co.,
Incorporated and Davenport & Company LLC**

By: _____
Its _____

Accepted and agreed to as of the date
first above written:

VIRGINIA POLYTECHNIC INSTITUTE
AND STATE UNIVERSITY

By: _____

Title: _____

Approved by:

TREASURY BOARD OF THE
COMMONWEALTH OF VIRGINIA

By: _____
State Treasurer

EXHIBIT A

Terms of Bonds

Series 2004A Bonds

General Description. The Series 2004A Bonds are issuable as registered bonds in denominations of \$5,000 or any multiple thereof. The Series 2004A Bonds will be dated May 1, 2004, will bear interest from their date payable on December 1, 2004, and thereafter on each June 1 and December 1, and will mature on each June 1, starting on June 1, ____, at rates and in amounts, all as indicated below.

**Series 2004A Bonds
Maturities, Principal Amounts, Interest Rates and Yields
\$_____ Serial Series 2004A Bonds
General Revenue Pledge Refunding Bonds**

<u>Due</u> <u>June 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Due</u> <u>June 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>
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\$ _____ % Term Series 2004A Bonds Due June 1, ____, priced to yield ____ % at a price of ____ %
\$ _____ % Term Series 2004A Bonds Due June 1, ____, priced to yield ____ % at a price of ____ %
All Prices Plus Accrued Interest from May 1, 2004

Mandatory Sinking Fund Redemption. The Series 2004A Bonds maturing on June 1, ____ shall be subject to mandatory redemption by the University at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date, on June 1 in each of the years and amounts as follows:

<u>Year</u>	<u>Principal Amount</u>
-------------	-------------------------

\$

(final maturity)

The Series 2004A Bonds maturing on June 1, ____ shall be subject to mandatory redemption by the University at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date, on June 1 in each of the years and amounts as follows:

Year

Principal Amount

\$

(final maturity)

Optional Redemption. The Series 2004A Bonds maturing on or after June 1, _____, are subject to redemption at the option of the University, in whole or in part (in any integral multiple of \$5,000) on any date not earlier than June 1, _____, upon payment of the following redemption prices (expressed as a percentage of the principal amount of Series 2004A Bonds to be redeemed), plus interest accrued to the redemption date, as follows:

<u>Redemption Period</u> <u>(Both Dates Inclusive)</u>	<u>Redemption Price</u>
June 1, _____ through May 31, _____	%
June 1, _____ through May 31, _____	%
June 1, _____ and thereafter	%

Purchase Price. The purchase price of the Series 2004A Bonds shall be \$_____, consisting of the original principal amount of \$_____, minus original issue discount (net of premium) of \$_____ and an Underwriters' discount of \$_____, plus accrued interest to the date of delivery, which will be \$_____ if delivery is made on _____, 2004.

Series 2004B Bonds

General Description. The Series 2004B Bonds are issuable as registered bonds in denominations of \$5,000 or any multiple thereof. The Series 2004B Bonds will be dated May 1, 2004, will bear interest from their date payable on December 1, 2004, and thereafter on each June 1 and December 1, and will mature on each June 1, starting on June 1, _____, at rates and in amounts, all as indicated below.

Series 2004B Bonds
Maturities, Principal Amounts, Interest Rates and Yields
\$_____ Serial Series 2004B Bonds
Dormitory and Dining Hall System and
General Revenue Pledge Refunding Bonds

<u>Due</u> <u>June 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Due</u> <u>June 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>
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\$_____ % Term Series 2004B Bonds Due June 1, ____, priced to yield ____% at a price of ____%
All Prices Plus Accrued Interest from _____, 2004

Mandatory Sinking Fund Redemption. The Series 2004B Bonds maturing on June 1, ____ shall be subject to mandatory redemption by the University at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date, on June 1 in each of the years and amounts as follows:

<u>Year</u>	<u>Principal Amount</u>
-------------	-------------------------

(final maturity)

Optional Redemption. The Series 2004B Bonds maturing on or after June 1, ____, are subject to redemption at the option of the University, in whole or in part (in any integral multiple of \$5,000) on any date not earlier than June 1, ____, upon payment of the following redemption prices (expressed as a percentage of the principal amount of Series 2004B Bonds to be redeemed), plus interest accrued to the redemption date, as follows:

<u>Redemption Period</u> <u>(Both Dates Inclusive)</u>	<u>Redemption Price</u>
June 1, ____ through May 31, ____	%
June 1, ____ through May 31, ____	%
June 1, ____ and thereafter	%

Purchase Price. The purchase price of the Series 2004B Bonds shall be \$_____, consisting of the original principal amount of \$_____, minus original issue discount (net of premium) of \$_____ and an Underwriters' discount of \$_____, plus accrued interest to the date of delivery, which will be \$_____ if delivery is made on _____, 2004.

Series 2004C Bonds

General Description. The Series 2004C Bonds are issuable as registered bonds in denominations of \$5,000 or any multiple thereof. The Series 2004C Bonds will be dated Nat 1m 2004, will bear interest from their date payable on December 1, 2004, and thereafter on each June 1 and December 1, and will mature on each June 1, starting on June 1, ____, at rates and in amounts, all as indicated below.

Series 2004C Bonds
Maturities, Principal Amounts, Interest Rates and Yields
\$_____ Serial Series 2004C Bonds
University Services System and
General Revenue Pledge Refunding Bonds

<u>Due</u> <u>June 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Due</u> <u>June 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>
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\$_____ % Term Series 2004C Bonds Due June 1, ____, priced to yield ____% at a price of ____%
All Prices Plus Accrued Interest from May 1, 2004

Mandatory Sinking Fund Redemption. The Series 2004C Bonds maturing on June 1, ____ shall be subject to mandatory redemption by the University at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date, on June 1 in each of the years and amounts as follows:

<u>Year</u>	<u>Principal Amount</u>
-------------	-------------------------

(final maturity)

Optional Redemption. The Series 2004C Bonds maturing on or after June 1, ____, are subject to redemption at the option of the University, in whole or in part (in any integral multiple of \$5,000) on any date not earlier than June 1, ____, upon payment of the following redemption prices (expressed as a percentage of the principal amount of Series 2004C Bonds to be redeemed), plus interest accrued to the redemption date, as follows:

<u>Redemption Period</u> <u>(Both Dates Inclusive)</u>	<u>Redemption Price</u>
June 1, ____ through May 31, ____	%
June 1, ____ through May 31, ____	%
June 1, ____ and thereafter	%

Purchase Price. The purchase price of the Series 2004C Bonds shall be \$_____, consisting of the original principal amount of \$_____, minus original issue discount (net of premium) of \$_____ and an Underwriters' discount of \$_____, plus accrued interest to the date of delivery, which will be \$_____ if delivery is made on _____, 2004.

Series 2004D Bonds

General Description. The Series 2004D Bonds are issuable as registered bonds in denominations of \$5,000 or any multiple thereof. The Series 2004D Bonds will be dated May 1, 2004, will bear interest from their date payable on December 1, 2004, and thereafter on each June 1 and December 1, and will mature on each June 1, starting on June 1, ____, at rates and in amounts, all as indicated below.

Series 2004D Bonds
Maturities, Principal Amounts, Interest Rates and Yields
\$_____ Serial Series 2004D Bonds
Athletic Facilities System and
General Revenue Pledge Bonds

<u>Due</u> <u>June 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Due</u> <u>June 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>
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\$_____ % Term Series 2004D Bonds Due June 1, ____, priced to yield _____ % at a price of _____ %
All Prices Plus Accrued Interest from May 1, 2004

Mandatory Sinking Fund Redemption. The Series 2004 Bonds maturing on June 1, ____ shall be subject to mandatory redemption by the University at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date, on June 1 in each of the years and amounts as follows:

<u>Year</u>	<u>Principal Amount</u>
-------------	-------------------------

(final maturity)

Optional Redemption. The Series 2004D Bonds maturing on or after June 1, ____, are subject to redemption at the option of the University, in whole or in part (in any integral multiple of \$5,000) on any date not earlier than June 1, ____, upon payment of the following redemption prices (expressed as a percentage of the principal amount of Series 2004D Bonds to be redeemed), plus interest accrued to the redemption date, as follows:

<u>Redemption Period</u> <u>(Both Dates Inclusive)</u>	<u>Redemption Price</u>
June 1, ____ through May 31, ____	%
June 1, ____ through May 31, ____	%
June 1, ____ and thereafter	%

Purchase Price. The purchase price of the Series 2004D Bonds shall be \$_____, consisting of the original principal amount of \$_____, minus original issue discount (net of premium) of \$_____ and an Underwriters' discount of \$_____, plus accrued interest to the date of delivery, which will be \$_____ if delivery is made on _____, 2004.

EXHIBIT B

**CERTIFICATE OF VIRGINIA POLYTECHNIC
INSTITUTE AND STATE UNIVERSITY**

The undersigned officer of the Virginia Polytechnic Institute and State University (the "University") has reviewed (a) a Bond Purchase Agreement dated _____, 2004 (the "Bond Purchase Agreement"), pursuant to which Morgan Keegan & Company, Inc., Morgan Stanley & Co., Incorporated and Davenport & Company LLC with the approval of the Treasury Board of the Commonwealth of Virginia, have agreed to purchase the University's \$_____ General Revenue Pledge Refunding Bonds, Series 2004A, \$_____ Dormitory and Dining Hall System and General Revenue Pledge Refunding Bonds, Series 2004B, \$_____ University Services System and General Revenue Pledge Refunding Bonds, Series 2004C, and \$_____ Athletic Facilities System and General Revenue Pledge Bonds, Series 2004D (together, the "Bonds"), and (b) the Official Statement of the University relating to the Bonds dated _____, 2004 (the "Official Statement"). Unless otherwise defined herein, the capitalized terms herein shall have the meaning set forth in the Bond Purchase Agreement. In connection therewith the undersigned hereby certifies that:

1. The information contained in the Official Statement (except the information therein regarding the prices of the Bonds stated on the cover of the Official Statement and the information contained in the section captioned "TAX MATTERS," as to which no certification is made) does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

2. The audited financial statements of the University appearing in the Official Statement fairly and accurately reflect the financial condition of the University as of the dates thereof. There has been no material adverse change in the condition (financial or otherwise) of the University between the most recent dates as to which information is given in the Preliminary Official Statement and the Closing Date other than as reflected in or contemplated by the Official Statement. As of the Closing Date, no material transactions or obligations not in the ordinary course of business have been entered into by the University subsequent to the date of the Preliminary Official Statement other than as reflected in or contemplated by the Official Statement.

3. The Bonds and the indebtedness listed in the chart appearing in the section of the Official Statement captioned "OUTSTANDING INDEBTEDNESS" constitute the only bonds or other indebtedness of the University secured by any of the Pledged General Revenues or the Net Revenues of the Systems, and there is no outstanding pledge or assignment of any kind of any Pledged General Revenues or Net Revenues of the Systems on a parity with or taking priority over the pledge of Pledged General Revenues or Net Revenues of the Systems securing the Bonds other than indebtedness as noted in such chart.

4. There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to the knowledge of the University threatened against or directly affecting the University, or, to the knowledge of the University,

any meritorious basis therefor, contesting the due organization and valid existence of the University or wherein an unfavorable decision, ruling or finding would adversely affect (a) the transactions contemplated by the Bond Purchase Agreement or by the Official Statement or the validity, due adoption, due authorization or execution of the Resolutions, the Bonds, the Bond Purchase Agreement, or any other agreement or instrument to which the University is a party and which is used or contemplated for use in the consummation of the transactions contemplated by the Bond Purchase Agreement or by the Official Statement, (b) the exclusion from gross income for federal income tax purposes of the interest on the Bonds and (c) the functioning of the University or the collection of Pledged General Revenues or Net Revenues of the Systems by the University.

5. Each of the representations and warranties of the University in the Bond Purchase Agreement is true and correct in all material respects as of the Closing Date.

6. The University has duly performed all of its obligations under the Bond Purchase Agreement required to be performed by it on or before the Closing Date.

WITNESS my signature this ____ day of _____, 2004.

Name:

Title:

EXHIBIT C

CERTIFICATE OF THE COMMONWEALTH

I, Anita A. Rimler, Secretary of the Commonwealth of Virginia, DO HEREBY CERTIFY:

1. Mark Warner is the Governor of the Commonwealth of Virginia for a term that commenced in January, 2002, and that will expire in January, 2006.

2. The following is a correct list of the names of the members of the Treasury Board of the Commonwealth of Virginia and the dates of the commencement and expiration of their respective terms of office.

<u>Name of Member</u>	<u>Commencement of Term</u>	<u>Expiration of Term</u>
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The members of the Treasury Board were appointed and confirmed as required by law.

3. The following is a correct list of the names of the members of the Board of Visitors of the Virginia Polytechnic Institute and State University (the "University") and the dates of commencement and expiration of their respective terms of office.

<u>Name of Member</u>	<u>Commencement of Term</u>	<u>Expiration of Term</u>
-----------------------	-----------------------------	---------------------------

The members of the Board of Visitors of the University were appointed and have taken the oath of office as required by law.

4. The Governor, each of the members of the Treasury Board and each of the members of the Board of Visitors of the University have severally taken and subscribed the oath required by Article II, Section 7 of the Constitution of Virginia.

IN WITNESS WHEREOF, I have hereunto set my hand and the lesser seal of the Commonwealth of Virginia this ____ day of _____, 2004.

Secretary of the Commonwealth of Virginia

[SEAL]

_____, 2004

Morgan Keegan & Company, Inc.,
on behalf of itself, Morgan Stanley & Co.,
Incorporated and Davenport & Company LLC
951 East Byrd Street
Richmond, Virginia 23219

Virginia Polytechnic Institute and State University
\$_____ General Revenue Pledge Refunding Bonds, Series 2004A
\$_____ Dormitory and Dining Hall System
and General Revenue Pledge Refunding Bonds, Series 2004B,
\$_____ University Services System
and General Revenue Pledge Refunding Bonds, Series 2004C, and
\$_____ Athletic Facilities System
and General Revenue Pledge Bonds, Series 2004D

Ladies and Gentlemen:

We are an independent legislative agency of the Commonwealth of Virginia with respect to the Virginia Polytechnic Institute and State University (the "University"). We consent to the inclusion of our report on the financial statements of the University as of June 30, 2003, in Appendix B to the Official Statement of the University, dated _____, 2004 (the "Official Statement"), relating to the Bonds. In addition, we have read the "Summary of Unrestricted Current Fund Revenues, Expenditures and Other Changes" on pages [A 10 and A 11] of Appendix A to the Official Statement, compared the amounts shown in each of the columns representing fiscal years to the audited financial statements for the University for the applicable fiscal year and found them in substantial agreement.

It should be understood that we make no representations regarding questions of legal interpretation or regarding the sufficiency for your purposes of the procedures enumerated in the preceding paragraph. Further, we have addressed ourselves solely to the foregoing data as set forth in the Official Statement and make no representations regarding the adequacy of disclosure or regarding whether any material facts have been omitted.

This letter is solely for the information of the addressees and to assist the Underwriters in conducting and documenting their investigation of the affairs of the University in connection with the offering of the Bonds, and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, including but not limited to the purchase or sale of the Bonds, nor is it to be filed with or referred to in whole or in part in the Official Statement or any other document, except that reference may be made to it in the bond purchase agreement or in any list of closing documents pertaining to the offering of the Bonds.

Sincerely,

[Walter J. Kucharski]
Auditor of Public Accounts

EXHIBIT E

**CERTIFICATE OF THE SECRETARY OF FINANCE OF THE
COMMONWEALTH OF VIRGINIA REGARDING ALTERNATIVE
CONSTRUCTION AND FINANCING GUIDELINES**

The undersigned John M. Bennett, Secretary of Finance of the Commonwealth of Virginia, hereby certifies in connection with the issuance by Virginia Polytechnic Institute and State University (the "University") of its \$_____ General Revenue Pledge Refunding Bonds, Series 2004A, \$_____ Dormitory and Dining Hall System and General Revenue Pledge Refunding Bonds, Series 2004B, \$_____ University Services System and General Revenue Pledge Refunding Bonds, Series 2004C, and \$_____ Athletic Facilities System and General Revenue Pledge Bonds, Series 2004D (together, the Bonds"), as follows:

(1) Pursuant to the provisions of Section 23-19(d)(4) of the Code of Virginia of 1950, as amended (the "Code"), I have promulgated guidelines (the "Guidelines") relating to the pledging by an educational institution (as defined in Chapter 3 of Title 23 of the Code) of the moneys appropriated to such institution from the General Fund of the Commonwealth of Virginia (the "Commonwealth") to the payment of the principal of and the interest on the bonds issued by such institution pursuant to Chapter 3 of Title 23 of the Code.

(2) I have reviewed the terms of the pledge by the University of certain of its general revenues, including but not limited to moneys appropriated to the University from the General Fund of the Commonwealth, as security for the payments of the Bonds (the "Pledge"), as set forth in the resolutions adopted by the Board of Visitors of the University on March 29, 2004.

(3) The Pledge by the University is in accordance with the Guidelines.

WITNESS my signature as of the _____ day of _____, 2004.

Secretary of Finance of the Commonwealth of
Virginia

EXHIBIT F

[Certificate of State Treasurer as to final terms and structure of the Bonds –
to be prepared by Bond Counsel]

**CERTIFICATE OF THE STATE TREASURER
OF THE COMMONWEALTH OF VIRGINIA**

The State Treasurer of the Commonwealth of Virginia (the "Commonwealth"), on behalf of the Commonwealth, certifies in connection with the issuance by the Virginia Polytechnic Institute and State University of its \$_____ General Revenue Pledge Refunding Bonds, Series 2004A, \$_____ Dormitory and Dining Hall System and General Revenue Pledge Refunding Bonds, Series 2004B, \$_____ University Services System and General Revenue Pledge Refunding Bonds, Series 2004C, and \$_____ Athletic Facilities System and General Revenue Pledge Bonds, Series 2004D (together, the "Bonds") that without having undertaken any investigation of the facts stated therein or of the compliance of public officials with the legislative requirements described therein, nothing has come to my attention that would lead me to believe the information in the section captioned "Relationship with the Commonwealth" in Appendix A to the Official Statement, dated _____, 2004, relating to the Bonds, contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, except that no certification is given as to the accuracy or completeness of the financial statements referred to in such section.

Dated: _____, 2004

State Treasurer of the Commonwealth of Virginia

LETTERHEAD OF KAY HEIDBREder, ESQUIRE

_____, 2004

Morgan Keegan & Company, Inc.,
Morgan Stanley & Co., Incorporated
Davenport & Company LLC
c/o Morgan Keegan & Company, Inc.
951 East Byrd Street
Richmond, Virginia 23219

Troutman Sanders LLP
1111 East Main Street
Richmond, Virginia 23219

Virginia Polytechnic Institute and State University
\$_____ General Revenue Pledge Refunding Bonds, Series 2004A,
\$_____ Dormitory and Dining Hall System and
General Revenue Pledge Refunding Bonds, Series 2004B,
\$_____ University Services System and
General Revenue Pledge Refunding Bonds, Series 2004C,
and \$_____ Athletic Facilities System and
General Revenue Pledge Bonds, Series 2004D

Ladies and Gentlemen:

The Office of the Attorney General serves as counsel to the Virginia Polytechnic Institute and State University, a validly existing body corporate and public agency (the "University"), established and existing under the laws of the Commonwealth of Virginia. This opinion is furnished to you pursuant to Section 7(l) of the Bond Purchase Agreement dated _____, 2004 (the "Bond Purchase Agreement"), relating to the above-captioned bonds (the "Bonds") between the University and Morgan Keegan & Company, Inc., Morgan Stanley & Co., Incorporated and Davenport & Company LLC (together, the "Underwriters"). All capitalized terms used but not defined herein have the meanings assigned to such terms in the Bond Purchase Agreement.

We have examined copies of the following instruments and documents:

A. The statute establishing the University, Chapter 11, Title 23, Code of Virginia of 1950, as amended (the "Virginia Code"), and Chapter 3 of Title 23 of the Virginia Code;

B. The Bond Purchase Agreement;

C. The Resolutions adopted by the Board of Visitors of the University (the "Board") on March 29, 2004 (the "Resolutions");

D. The Escrow Agreements; and

E. Such other laws, documents, certifications and proceedings as we deemed necessary to render the opinions set forth in this letter, subject to the limitations, assumptions and qualifications noted above.

In basing the opinions and other matters set forth herein on "our knowledge," the words "our knowledge" signify that, in the course of our representation of the University in matters with respect to which we have served the University as counsel and based upon consultations with and representations of University officials, no information has come to our attention that would give us knowledge or notice that any such opinions or other matters are not accurate or that any of the foregoing documents, certificates, reports and information on which we have relied are not accurate and complete. Except as otherwise stated herein, we have undertaken no independent investigation or verification of such matters.

In reaching the opinions set forth below, we have assumed, and to our knowledge there are no facts inconsistent with, the following:

A. Each of the parties thereto (other than the University) has duly and validly executed and delivered each instrument, document and agreement executed in connection with the Bonds to which such party is a signatory, and such party's obligations set forth therein are its legal, valid and binding obligations, enforceable in accordance with their respective terms;

B. Each person executing any such instrument, document or agreement on behalf of any such party is duly authorized to do so;

C. Each natural person executing any such instrument, document, or agreement is legally competent to do so;

D. There are no oral or written modifications of or amendments to the instruments, documents or agreements, and there has been no waiver of any of the provisions of the instruments, documents or agreements by actions or conduct of the parties or otherwise; and

E. All documents submitted to us as originals are authentic, all documents submitted to us as certified or photostatic copies conform to the original document, all signatures on all documents submitted to us for examination are genuine, and all public records reviewed are accurate and complete.

As to questions of fact material to our opinion, we have relied upon the representations and certificates of officers of the Board and of the University, and other certifications of public officials furnished to us.

Based upon and subject to the foregoing, and subject to the assumptions and qualifications set forth herein, we are of the opinion that:

(1) The University has full power and authority to adopt the Resolutions (including the provisions thereof relating to the pledge of Pledged General Revenues and the Net Revenues of the Systems), to enter into the Bond Purchase Agreement and the other Bond Documents, to issue the Bonds, to finance the Projects and to refund the Refunded Bonds.

(2) The University has duly authorized and executed the Resolutions, the Bond Purchase Agreement and the other Bond Documents.

(3) The Bond Documents constitute binding and enforceable agreements of the University in accordance with their respective terms, except as follows:

(a) to the extent enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect;

(b) to the extent enforceability may be limited by sovereign immunity, or other applicable provisions of law relating to judgments against the Commonwealth, its public corporations and agencies, and political subdivisions; and

(c) to the extent enforceability may be limited by usual equity principles.

(4) The University has full power and authority to authorize, approve and deliver the Official Statement and the appropriate official of the University has duly executed and delivered the Official Statement to the Underwriters.

(5) Based upon our participation in the transaction as counsel to the University, and without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, nothing has come to our attention that would lead us to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except that no view is expressed as to the financial statements and other financial and statistical data included in the Official Statement, and information included in the sections therein captioned "The Series 2004 Bonds," "Security for the Series 2004 Bonds," "Investment Considerations," "Legality for Investment," "Tax Matters," "Verification of Mathematical Computations," "Underwriting" and "Ratings").

(6) The Board has been duly appointed and qualified in accordance with Virginia law, and each member is qualified to serve in such capacity, and each such member or officer of the University executing the Bonds, the Official Statement, the Bond Documents, and other

closing documents executed in connection with the delivery of the Bonds has been authorized to do so.

(7) Based solely upon the representations of the University and our knowledge, the University has not received notice of, been served with, or filed, litigation at law or in equity before or by any court, public board or body, nor is there, to the best of our knowledge, any litigation threatened against the University, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by or the validity of the Bonds or the Bond Documents.

(8) Based solely upon the representations of the University and our knowledge, neither the adoption of the Resolutions nor the execution and delivery of the Bonds and the Bond Documents, and compliance with the provisions thereof, in any material respect will conflict with or constitute on the part of the University a breach of or default under any court order or consent decree to which the University is subject.

We understand that an opinion of even date addressed to the University from Troutman Sanders LLP, Bond Counsel, is being delivered today regarding among other matters: (a) [the valid existence of the University]; (b) the proper and correct adoption of the Resolutions, and the taking of all necessary action by the University; (c) the due authorization, execution and delivery of the Bonds; and (d) the exemption from Federal and Commonwealth of Virginia income taxation of the interest on the Bonds; and an opinion of even date addressed to the Underwriters from Troutman Sanders LLP, is being delivered today regarding certain other matters described therein.

We express no opinion as to (a) taxation, (b) compliance with any Federal or Commonwealth of Virginia Blue Sky or securities laws or regulations relating to registration of the Bonds (or any exemption therefrom) or (c) any questions of law other than the law of the Commonwealth of Virginia.

We are furnishing this opinion for the benefit of the Underwriters and Troutman Sanders LLP.

Sincerely yours,

Kay Heidbreder
Special Assistant Attorney General and
Associate General Counsel to the University

EXHIBIT I

[LETTERHEAD OF OFFICE OF VIRGINIA ATTORNEY GENERAL]

_____, 2004

Morgan Keegan & Company LLP
Morgan Stanley & Co., Incorporated
Davenport & Company LLC
c/o Morgan Keegan & Company, Inc.
951 East Byrd Street
Richmond, Virginia 23219

Troutman Sanders LLP
1111 East Main Street
Richmond, Virginia 23219

Virginia Polytechnic Institute and State University
\$_____ General Revenue Pledge Refunding Bonds, Series 2004A,
\$_____ Dormitory and Dining Hall System and
General Revenue Pledge Refunding Bonds, Series 2004B,
\$_____ University Services System and
General Revenue Pledge Refunding Bonds, Series 2004C,
and \$_____ Athletic Facilities System and
General Revenue Pledge Bonds, Series 2004D

Ladies and Gentlemen:

The undersigned Assistant Attorney General has represented the Treasury Board of the Commonwealth of Virginia (the "Treasury Board") on behalf of the Office of the Attorney General of the Commonwealth of Virginia in connection with the issuance and sale by the Virginia Polytechnic Institute and State University (the "University") of its \$_____ General Revenue Pledge Refunding Bonds, Series 2004A, \$_____ Dormitory and Dining Hall System and General Revenue Pledge Refunding Bonds, Series 2004B, \$_____ University Services System and General Revenue Pledge Refunding Bonds, Series 2004C, and \$_____ Athletic Facilities System and General Revenue Pledge Bonds, Series 2004D (together, the "Bonds").

This opinion is furnished to you pursuant to Section 7(m) of the Bond Purchase Agreement dated _____, 2004 (the "Bond Purchase Agreement") relating to the Bonds between the University, and Morgan Keegan & Company, Inc., Morgan Stanley & Co.,

Incorporated and Davenport & Company LLC. The terms used herein that are defined in the Bond Purchase Agreement shall have the meanings set forth therein unless otherwise defined herein.

In connection with this opinion, I have examined copies of the following documents: (1) Chapter 3, Title 23, Code of Virginia of 1950, as amended (the "Act"); (2) the Bond Purchase Agreement; (3) the resolutions adopted by the Board of Visitors of the University (the "Board") on March 29, 2004 (the "Resolutions"); (4) the Official Statement dated _____, 2004, by which the Bonds were offered for sale; (5) a resolution adopted by the Treasury Board on _____, 2004; (6) a certificate, consent or statement signed by the Secretary of Finance of the Commonwealth of Virginia to the effect that the issuance of the Bonds is in compliance with the guidelines promulgated by the Secretary of Finance pursuant to Section 23 19(d)(4) of the Code of Virginia of 1950, as amended; and (7) an approval of the issuance of the Bonds executed by the Governor of the Commonwealth of Virginia. In addition, I have reviewed such other instruments and documents as I have deemed necessary or appropriate as the basis for the opinions hereinafter expressed, and I have conducted such other investigations of facts and law as I consider appropriate.

Based on the foregoing, I am of the opinion that:

(1) All approvals that are required by law for the valid issuance and sale of the Bonds to be obtained from the Treasury Board have been obtained.

(2) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, arbitrator, governmental or other board, body or official, pending or, to the best of my knowledge, threatened against the Commonwealth of Virginia (including its agencies other than the University) questioning the validity of the Act, the execution, delivery and performance by the University of the Bond Documents or the action by the Treasury Board in approving the issuance and sale of the Bonds or seeking to prohibit, restrain or enjoin the execution, delivery or performance by the University or the Treasury Board of or under any of the foregoing.

(3) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, arbitrator, governmental or other board, body or official, pending or, to the best of my knowledge, threatened against the Commonwealth of Virginia (including its agencies other than the University) wherein an unfavorable decision, ruling or finding would have a material adverse effect on the ability of the University to (a) perform its obligations under the Bond Documents, or (b) provide for payment of the Bonds.

Very truly yours,

Assistant Attorney General

EXHIBIT J

**Supplemental Opinion to the Underwriters of
Troutman Sanders LLP**

_____, 2004

Morgan Keegan & Company, Inc.
Morgan Stanley & Co., Incorporated
Davenport & Company LLC
c/o Morgan Keegan & Company, Inc.
951 East Byrd Street
Richmond, Virginia 23219

**Virginia Polytechnic Institute and State University
\$_____ General Revenue Pledge Refunding Bonds, Series 2004A,
\$_____ Dormitory and Dining Hall System
and General Revenue Pledge Refunding Bonds, Series 2004B,
\$_____ University Services System and
General Revenue Pledge Refunding Bonds, Series 2004C,
and \$_____ Athletic Facilities System
and General Revenue Pledge Bonds, Series 2004D**

Ladies and Gentlemen:

Reference is hereby made to our opinion as Bond Counsel dated the date hereof (the "Opinion") relating to the issuance by the Virginia Polytechnic Institute and State University (the "University") of its \$_____ General Revenue Pledge Refunding Bonds, Series 2004A, \$_____ Dormitory and Dining Hall System and General Revenue Pledge Refunding Bonds, Series 2004B, \$_____ University Services System and General Revenue Pledge Refunding Bonds, Series 2004C, and \$_____ Athletic Facilities System and General Revenue Pledge Bonds, Series 2004D (together, the "Bonds"). We hereby advise you that we now deliver the Opinion for your benefit as well as for the benefit of the University, and you are entitled to rely upon the Opinion as if it were addressed to you.

You have also requested us to review certain other matters. In so doing we have reviewed, in addition to the proceedings and other papers described in the Opinion, (a) a Bond Purchase Agreement, dated _____, 2004, between you and the University (the "Bond Purchase Agreement"), (b) certain portions of an Official Statement of the University, dated _____, 2004 (the "Official Statement"), relating to the Bonds, and (c) certified copies of proceedings of the University with respect to the Bond Purchase Agreement and the Official

Statement, as well as such other papers as we deem necessary for purposes of the opinions expressed below. The terms that are used herein shall have the respective meanings set forth therein unless otherwise defined herein.

Based on the foregoing and upon such other information and investigation as we consider necessary for the purpose of rendering this opinion, we are of the opinion that as of the date hereof:

(1) The Bond Purchase Agreement has been duly authorized, executed and delivered by the University and constitutes a binding and enforceable agreement of the University in accordance with its terms. The enforceability of the obligations of the University under the Bond Purchase Agreement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws and by usual equity principles.

(2) The Official Statement has been duly authorized, approved and delivered by the University.

(3) The statements contained in the Official Statement under the headings captioned "Introduction," "Book-Entry System" in the section "The Series 2004 Bonds", "Security for the Series 2004 Bonds," "Legality for Investment" and "Tax Matters" and in Appendices C, D, E and F, insofar as such statements purport to summarize certain provisions of the Resolutions and the Bonds, accurately and fairly summarize such provisions.

(4) The Resolutions and the Bonds conform as to form and tenor with the terms and provisions thereof as summarized and set out in the Official Statement and the appendices thereto.

(5) No further approval, consent or authorization of any governmental or public agency or authority not already obtained is required to be obtained by the University precedent to the performance of the University's obligations under the Bonds or the Resolutions, except that we express no opinion as to any action required under any state securities or Blue Sky laws in connection with the purchase or distribution of the Bonds by the Underwriters.

(6) The offering, sale and delivery of the Bonds do not require registration of the Bonds, or any separate security represented by the Bonds, under the Securities Act of 1933, as amended, and none of the Resolutions is required to be qualified as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

Very truly yours,

EXHIBIT K

[OPINION OF MCGUIREWOODS LLP]

[Date of Closing]

Morgan Keegan & Company, Inc.
Morgan Stanley & Co., Incorporated
Davenport & Company LLC
c/o Morgan Keegan & Company, Inc.
951 East Byrd Street
Richmond, Virginia 23219

Virginia Polytechnic Institute and State University
\$_____ General Revenue Pledge Refunding Bonds, Series 2004A,
\$_____ Dormitory and Dining Hall System
and General Revenue Pledge Refunding Bonds, Series 2004B,
\$_____ University Services System and
General Revenue Pledge Refunding Bonds, Series 2004C,
and \$_____ Athletic Facilities System
and General Revenue Pledge Bonds, Series 2004D

Ladies and Gentlemen:

We have acted as counsel to Morgan Keegan & Company, Inc., Morgan Stanley & Co., Incorporated and Davenport & Company LLC (together, the "Underwriters") in connection with their purchase from the Virginia Polytechnic Institute and State University (the "University"), subject to the terms and conditions set forth in a Bond Purchase Agreement dated _____, 2004 (the "Bond Purchase Agreement"), between the University and the Underwriters, of the referenced bonds (the "Bonds").

In our capacity as counsel to the Underwriters, we have examined an executed copy of the Official Statement of the University dated _____, 2004 (the "Official Statement") relating to the Bonds, and executed or conformed copies of the documents referred to therein. We also have examined certain proceedings of the University and originals or copies identified to our satisfaction of such agreements, instruments, opinions, certificates and other documents as we have deemed necessary for purposes of the advice contained in this letter. We have assumed the genuineness of signatures on documents submitted to us as originals, the authenticity thereof and the conformity with the originals of any documents submitted to us as copies or specimens.

We have also reviewed the Official Statement generally and have discussed certain statements contained therein with representatives of the University, the Treasury Board of the Commonwealth of Virginia (the "Treasury Board") and other agencies and departments of the Commonwealth, counsel to the University and the Treasury Board, independent certified public accountants and bond counsel retained by the University, and representatives of the Underwriters.

On the basis of the foregoing, we advise you that although we have not verified, are not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the Official Statement, including the appendices thereto, nothing, however, has come to our attention during the course of our review and discussion of the Official Statement, including the appendices thereto, that would cause us to believe that the Official Statement, including the appendices thereto, on the date thereof or on this date, contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Our advice in this paragraph does not apply to the financial statements and financial or statistical data contained in the Official Statement, including the appendices thereto, as to which no advice is given.

This letter is solely for the information of, and assistance to, the Underwriters and is not to be used, circulated, quoted or otherwise referred to in connection with the offering of the Bonds, except that reference to this letter may be made in the Bond Purchase Agreement and in any list of closing documents pertaining to the sale of the Bonds.

Very truly yours,

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2004

NEW ISSUE-BOOK ENTRY ONLY

RATINGS: S&P: [AA]
 Moody's: [Aa3]
 (See "Ratings" herein)

In the opinion of Bond Counsel, under current law and subject to conditions described in the section herein "TAX MATTERS," interest on the Series 2004 Bonds (a) will not be included in gross income for federal income tax purposes, (b) will not be a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (c) will be exempt from income taxation by the Commonwealth of Virginia. Such interest may be included in the calculation of a corporation's alternative minimum taxable income and will be subject to other federal income tax consequences as described in the section herein "TAX MATTERS."

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

\$ _____ *

General Revenue Pledge Refunding Bonds, Series 2004A

\$ _____ *

 Dormitory and Dining Hall System and
 General Revenue Pledge Refunding Bonds, Series 2004B

\$ _____ *

 University Services System and
 General Revenue Pledge Refunding Bonds, Series 2004C

\$ _____ *

 Athletic Facilities System and
 General Revenue Pledge Bonds, Series 2004D

[LOGO]

Dated: May 1, 2004

Due: June 1, as shown below

The Series 2004 Bonds are being issued by the Virginia Polytechnic Institute and State University (the "University") (i) to refund certain outstanding indebtedness of the University, (ii) to finance, in part, the cost of constructing and equipping additions and improvements to the University's Lane Stadium and (iii) to pay the costs of issuance relating to the Series 2004 Bonds and capitalized interest on a portion of the Series 2004D Bonds. See "Introduction," "The Project" and "Sources and Uses of Funds."

The Series 2004 Bonds shall be issued in fully registered form in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2004 Bonds. Individual purchases of beneficial ownership in the Series 2004 Bonds will be made in book-entry form only and individual purchasers will not receive physical delivery of bond certificates. Interest on the Series 2004 Bonds is payable on December 1, 2004, and semiannually thereafter on each June 1 and December 1. Payments of principal of, premium, if any, and interest on the Series 2004 Bonds will be made to Cede & Co., as nominee for DTC, for disbursement to DTC participants, to be disbursed subsequently to the beneficial owners of the Series 2004 Bonds. The Series 2004 Bonds are subject to optional, mandatory sinking fund and extraordinary redemption as described herein. See "The Series 2004 Bonds."

THE SERIES 2004 BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE UNIVERSITY PAYABLE EXCLUSIVELY FROM PLEDGED GENERAL REVENUES (AS HEREIN DEFINED) AND, AS TO CERTAIN OF THE SERIES 2004 BONDS, OTHER REVENUES AND FUNDS PLEDGED TO THAT PARTICULAR SERIES. THE SERIES 2004 BONDS AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE COMMONWEALTH OF VIRGINIA, LEGAL, MORAL OR OTHERWISE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2004 BONDS OR OTHER COSTS INCIDENT THERETO. NEITHER THE COMMONWEALTH OF VIRGINIA NOR THE UNIVERSITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE SERIES 2004 BONDS OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE SOURCES NOTED ABOVE. See "Security for the Series 2004 Bonds."

The Series 2004 Bonds are offered for delivery when, as and if issued and subject to the approval of Troutman Sanders LLP, Richmond, Virginia, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the University by Kay Heidbreder, Esquire, Associate General Counsel to the University and Special Assistant Attorney General, and for the Underwriters by their counsel, McGuireWoods LLP, Richmond, Virginia. It is expected that the Series 2004 Bonds will be delivered on or about May 12, 2004.

This cover page contains information for quick reference only. It is not a summary of the Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

MORGAN KEEGAN & COMPANY, INC.

MORGAN STANLEY & CO., INCORPORATED

DAVENPORT & COMPANY LLC

Dated: _____, 2004

* Preliminary, subject to change.

Maturities, Amounts, Coupons and Yields*
\$_____ Serial Series 2004A Bonds
General Revenue Pledge Refunding Bonds

<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>
	\$				\$		

Term Series 2004A Bonds
 \$ _____ % Term Series 2004A Bonds Due June 1, ____, priced to yield ____ % at an approximate price of ____ %
 \$ _____ % Term Series 2004A Bonds Due June 1, ____, priced to yield ____ % at an approximate price of ____ %
 (plus accrued interest from May 1, 2004)

Maturities, Amounts, Coupons and Yields*
\$_____ Serial Series 2004B Bonds
Dormitory and Dining Hall System and
General Revenue Pledge Refunding Bonds

<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>
	\$				\$		

Term Series 2004B Bonds
 \$ _____ % Term Series 2004B Bonds Due June 1, ____, priced to yield ____ % at an approximate price of ____ %
 (plus accrued interest from May 1, 2004)

Maturities, Amounts, Coupons and Yields*
\$_____ Serial Series 2004C Bonds
University Services System and
General Revenue Pledge Refunding Bonds

<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>
	\$				\$		

Term Series 2004C Bonds
 \$ _____ % Term Series 2004C Bonds Due June 1, ____, priced to yield ____ % at an approximate price of ____ %
 (plus accrued interest from May 1, 2004)

Maturities, Amounts, Coupons and Yields*
\$_____ Serial Series 2004D Bonds
Athletic Facilities System and
General Revenue Pledge Refunding Bonds

<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>
	\$				\$		

Term Series 2004D Bonds
 \$ _____ % Term Series 2004D Bonds Due June 1, ____, priced to yield ____ % at an approximate price of ____ %
 \$ _____ % Term Series 2004D Bonds Due June 1, ____, priced to yield ____ % at an approximate price of ____ %
 (plus accrued interest from May 1, 2004)

* Preliminary, subject to change.

This Official Statement is provided in connection with the sale of the Series 2004 Bonds and may not be reproduced or used, in whole or in part, for any other purpose. The information contained in this Official Statement has been obtained from the University and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriters.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the University or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2004 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein speak as of their date except where specifically noted otherwise and are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the University since the date hereof.

The prices and other terms respecting the offering and sale of the Series 2004 Bonds may be changed from time to time by the Underwriters after such Series 2004 Bonds are released for sale, and such Series 2004 Bonds may be offered and sold to certain dealers (including dealers depositing Series 2004 Bonds into investment accounts) and others at prices lower than the initial public offering prices. In connection with the offering of the Series 2004 Bonds, the Underwriters may over allot or effect transactions that stabilize or maintain the market prices of the Series 2004 Bonds at a level above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Series 2004 Bonds are exempt from registration under the Securities Act of 1933, as amended, and from registration under the securities laws of the Commonwealth of Virginia.

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VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

\$ _____ *

General Revenue Pledge Refunding Bonds, Series 2004A

\$ _____ *

**Dormitory and Dining Hall System and
General Revenue Pledge Refunding Bonds, Series 2004B**

\$ _____ *

**University Services System and
General Revenue Pledge Refunding Bonds, Series 2004C**

\$ _____ *

**Athletic Facilities System and
General Revenue Pledge Bonds, Series 2004D**

INTRODUCTION

This Official Statement, including the cover page and the Appendices, is provided to furnish information in connection with the issuance and sale by Virginia Polytechnic Institute and State University (the "University") of its \$ _____ * General Revenue Pledge Refunding Bonds, Series 2004A (the "Series 2004A Bonds"), its \$ _____ * Dormitory and Dining Hall System and General Revenue Pledge Refunding Bonds, Series 2004B (the "Series 2004B Bonds"), its \$ _____ * University Services System and General Revenue Pledge Refunding Bonds, Series 2004C (the "Series 2004C Bonds"), and its \$ _____ * Athletic Facilities System and General Revenue Pledge Bonds, Series 2004D (the "Series 2004D Bonds") (together, the Series 2004A Bonds, the Series 2004B Bonds, the Series 2004C Bonds and the Series 2004D Bonds are the "Series 2004 Bonds").

The University is an educational institution classified and constituted pursuant to Chapter 3, Title 23, Code of Virginia of 1950, as amended (the "Act"), as a public body and a governmental instrumentality for the dissemination of education. The Series 2004A Bonds will be issued under the Act pursuant to the terms of a resolution adopted by the Board of Visitors of the University (the "Board") on March 29, 2004 (the "Series 2004A Bonds Resolution"). The Series 2004B Bonds will be issued under the Act pursuant to the terms of a resolution, as supplemented and adopted by the Board on August 26, 1996 and as further supplemented by a series resolution relating to the Series 2004B Bonds, adopted by the Board on March 29, 2004 (together, the "Series 2004B Bonds Resolution"). The Series 2004C Bonds will be issued under the Act pursuant to the terms of a resolution as supplemented and adopted by the Board on August 26, 1996 and as further supplemented by a series resolution relating to the Series 2004C Bonds, adopted by the Board on March 29, 2004 (together, the "Series 2004C Bonds Resolution"). The Series 2004D Bonds will be issued under the Act pursuant to the terms of a resolution, as supplemented by a series resolution relating to the Series 2004D Bonds, each adopted by the Board on March 29, 2004 (together, the "Series 2004D Bonds Resolution" and together with the Series 2004A Bonds Resolution, the Series 2004B Bonds Resolution and the Series 2004C Bonds Resolution, the "Resolutions," and the Series 2004B Bonds Resolution, the Series 2004C Bonds Resolution and the Series 2004D Bonds Resolution are the "Systems Resolutions"). Each Resolution authorizes the State Treasurer to hold certain funds and to take certain actions as Paying Agent in accordance with the Act.

The Series 2004A Bonds are secured by and payable from Pledged General Revenues of the University. The Series 2004B Bonds are secured by and payable from the Net Revenues (as defined in Appendix D) of the University's dormitory and dining hall system (the "Dormitory System") and are further secured by Pledged General Revenues of the University. The Series 2004C Bonds are secured by and payable from the Net Revenues (as defined in Appendix E) of the University's services system (the "University Services System") and are further secured by Pledged General Revenues of the University. The Series 2004D Bonds are secured by and payable from the Net Revenues (as defined in Appendix F) of the University's athletic facilities system (the "Athletic Facilities System") and are further secured by Pledged General Revenues of the University. See "Security for the Series 2004 Bonds" and "The Systems". While all Series 2004 Bonds are secured by and have an equal right to payment from Pledged General Revenues of the University, the Series 2004B Bonds are entitled to be paid from Net Revenues of the Dormitory System prior to all other Series 2004 Bonds, the Series 2004C Bonds are entitled to be paid from Net

* Preliminary, subject to change.

Revenues of the University Services System prior to all other Series 2004 Bonds, and the Series 2004D Bonds are entitled to be paid from Net Revenues of the Athletic Facilities System prior to all other Series 2004 Bonds.

The University has previously (i) issued bonds secured by a pledge of Pledged General Revenues identical to the pledge securing the Series 2004 Bonds, a portion of which will be refunded with the proceeds of the Series 2004 Bonds, and (ii) pledged certain of its Pledged General Revenues derived from specific facilities to the payment of other indebtedness of the University, a portion of which will be refunded with the proceeds of the Series 2004 Bonds, and may do so in the future. See **"Security for the Series 2004 Bonds," "Outstanding Indebtedness" and "Debt Service Requirements."**

The proceeds of the Series 2004 Bonds are being used to refund all or a portion of the outstanding principal amount of the following indebtedness of the University originally issued in the principal amounts shown (collectively, the "Refunded Bonds"): \$45,190,000 General Revenue Pledge Bonds, Series 1996A (the "1996A General Revenue Pledge Bonds"), \$10,225,000 Dormitory and Dining Hall System and General Revenue Pledge Bonds, Series 1996B (the "1996B Dormitory Bonds"), and \$21,175,000 University Services System and General Revenue Pledge Bonds, Series 1996C (the "1996C Services Bonds").

The Series 2004A Bonds are being issued to refund a portion of the outstanding principal amount of the 1996A General Revenue Pledge Bonds. The Series 2004B Bonds are being issued to refund a portion of the outstanding principal amount of the 1996B Dormitory Bonds. The Series 2004C Bonds are being issued to refund a portion of the outstanding principal amount of the 1996C Services Bonds. The Series 2004D Bonds are being issued to finance the construction and equipping of additions and improvements to the University's Lane Stadium (the "West Side Lane Stadium Project"), to refund the outstanding principal amount of the 1996A General Revenue Pledge Bonds relating to the University's Athletic Facilities System and to pay capitalized interest on a portion of the Series 2004D Bonds. All of the Refunded Bonds will be defeased and deemed paid and no longer outstanding under their respective authorizing resolutions on the date of issuance of the Series 2004 Bonds.

Attached hereto as Appendices C, D, E and F are summaries of the Series 2004A Bonds Resolution, the Series 2004B Bonds Resolution, the Series 2004C Bonds Resolution and the Series 2004D Bonds Resolution, respectively. Such summaries do not purport to be complete or to describe all material provisions of such Resolutions. Reference is hereby made to such Resolutions, copies of which are on file with the State Treasurer, for a complete statement of the rights, duties and obligations of the University.

THE PROJECTS

The West Side Lane Stadium Project

The West Side Lane Stadium Project, financed in part by the Series 2004D Bonds, is currently under construction. The West Side Lane Stadium Project involves construction, equipping and expansion of the University's football stadium known as Lane Stadium, including (i) construction of two towers and a structure that extends between both end zones on the west side of the stadium, (ii) construction of 782 new indoor club seats and 24 suites with 748 seats, (iii) the conversion of existing seats to 1600 outdoor club seats, (iv) construction and equipping of ticket, athletic fund and academic enrichment offices, a press box, a two-story memorabilia area, several bathrooms and a retail athletic store and (v) the addition of new lighting and elevators. Total project cost (excluding capitalized interest and other financing costs) is estimated to be \$54,020,000, with \$_____ to be paid out of the proceeds of the Series 2004D Bonds.

The 1996 Projects

The 1996A General Revenue Pledge Bonds were issued to finance, in part, the following projects (collectively, the "1996A General Revenue Pledge Projects"): (i) construction, expansion and equipment of a 108,000 square foot engineering facility for use as classrooms, laboratories and office space and a 42,000 square foot addition to the existing architectural facility, (ii) the purchase and installation of a coal fired boiler with 100,000 pounds/hour steam generating capacity and the construction of a 7,200 square foot addition to the University's existing power plant to accommodate the new boiler and accessories, (iii) significant repairs and renovations to three

University athletic facilities, development of a new women's softball field, construction of a new 40,000 square foot athletic facility and the renovation of the existing Jamerson facility to meet programmatic requirements (together, the "1996 Athletic Facilities Projects") and (iv) renovations of the Donaldson Brown Continuing Education Center and Alumni Hall. That portion of the outstanding Series 1996A Bonds used to finance the 1996 Athletic Facilities Projects (\$_____) will be refunded by the Series 2004D Bonds leaving \$_____ of the Series 1996A Bonds outstanding.

The 1996B Dormitory Bonds were issued to finance construction of two new residence halls totaling 128,000 gross square feet square, with a 440 total bed capacity (the "1996B Dormitory Project").

The 1996C Services Bonds were issued to finance construction of a 119,500 square foot health and fitness center that replaced the existing student health infirmary and expanded the University's recreational space to meet student demand for additional exercise and sporting facilities (the "1996C Student Health Project", together with the 1996A General Revenue Pledge Projects and the 1996B Dormitory Project, the "1996 Projects").

ESTIMATED SOURCES AND USES OF FUNDS*

The University's estimate of the sources and uses of funds in connection with the issuance of the Series 2004 Bonds is set forth below.

Sources of Funds

Par Amount of Series 2004 Bonds.....	\$
Interest Earnings During Construction ⁽¹⁾	
Interest Earnings on Capitalized Interest ⁽¹⁾	
Reoffering Premium	< >
Accrued Interest.....	_____

Total Sources of Funds\$

Uses of Funds

West Side Lane Stadium Project	\$
Refunded Bonds Escrow Deposits:	
1996A General Revenue Pledge Bonds	\$
1996B Dormitory Bonds.....	
1996C Services Bonds	
Total Escrow Deposits	\$
Interest during Construction	
Underwriters' Discount	
Costs of Issuance and Other	
Original Issue Discount	
Accrued Interest.....	_____

Total Uses of Funds.....\$_____

(1) Assumes investment earnings at a rate of [_____] % and use of bond proceeds on currently expected schedule. Includes interest earnings only on that portion of the Series 2004D Bonds allocable to the West Side Lane Stadium Project.

Purchasers of the Series 2004 Bonds should consult this section of the final Official Statement for possible changes in the University's estimates of sources and uses of funds.

* Preliminary, subject to change.

THE SERIES 2004 BONDS

General

The Series 2004 Bonds shall be issued in the principal amounts shown on the cover page hereof, as fully registered bonds, and, when issued, will be registered as to principal and interest in the name of Cede & Co., as nominee for DTC, or otherwise as hereinafter described. Individual purchases of beneficial ownership interests in the Series 2004 Bonds will be made only in book-entry form and individual purchasers will not receive certificates representing their interests in Series 2004 Bonds so purchased. If the book-entry system is discontinued, bond certificates will be delivered as described in the Resolutions, and Beneficial Owners, as defined below, will become the registered owners (the "Bondholders"). The Series 2004 Bonds shall be dated and shall bear interest from May 1, 2004, and shall mature on June 1 in the years and amounts as set forth on the cover page hereof. The principal or redemption price of the Series 2004 Bonds shall be payable, upon surrender of the Series 2004 Bonds, at the office of the State Treasurer, as Paying Agent, in Richmond, Virginia. Payment of interest on the Series 2004 Bonds at the rates per annum shown on the cover page hereof shall be made by check or draft mailed on the Interest Payment Date to the registered owner as of the close of business on the 15th day of the month immediately preceding such Interest Payment Date (the "Record Date") at his address as it appears on the registration books of the Paying Agent. The term "Interest Payment Date" means each June 1 and December 1, commencing December 1, 2004 (unless such date is not a Business Day, in which event payment of interest shall be made on the next succeeding Business Day). Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Series 2004 Bonds will be issuable in the denominations of \$5,000 and multiples thereof.

Book-Entry System

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Series 2004 Bonds, payments of principal of and premium, if any, and interest on the Series 2004 Bonds to the Depository Trust Company ("DTC"), New York, New York, its nominee, Direct and Indirect Participants (as defined below) or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Series 2004 Bonds and other bond-related transactions by and between DTC, Direct and Indirect Participants and Beneficial Owners is based solely on information furnished by DTC. Neither the University nor the Underwriters assume any responsibility for the accuracy or adequacy of the information included in such description.

DTC will act as securities depository for the Series 2004 Bonds. The Series 2004 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of each series of the Series 2004 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of its Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks and trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its

Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2004 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2004 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2004 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2004 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2004 Bonds, except in the event that use of the book-entry system for the Series 2004 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2004 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2004 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2004 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2004 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2004 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2004 Bonds, such as redemptions, tenders, defaults and proposed amendments to the financing documents. For example, Beneficial Owners of the Series 2004 Bonds may wish to ascertain that the nominee holding the Series 2004 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the State Treasurer, as Paying Agent, and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2004 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2004 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the University as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2004 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

The University may enter into amendments to the agreement with DTC or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the Series 2004 Bonds without the consent of Beneficial Owners or Bondholders.

Principal and interest payments on the Series 2004 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the University or the State Treasurer, as Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the University or the State

Treasurer, as Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursements of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2004 Bonds at any time by giving reasonable notice to the University. Under such circumstances, in the event that no substitute securities depository is obtained, Series 2004 Bonds will be printed and delivered.

The University may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2004 Bond certificates will be printed and delivered.

The above information concerning DTC and DTC's book-entry system has been obtained from sources that the University and the Underwriters believe to be reliable, but the University and the Underwriters take no responsibility for the accuracy thereof. Neither the University nor the State Treasurer, as Paying Agent, will have any responsibility or obligation to DTC participants, beneficial owners or other nominees of such beneficial owners for (i) sending transaction statements; (ii) maintaining, supervising or reviewing, or the accuracy of, any records maintained by DTC or any DTC participant or other nominees of such beneficial owners; (iii) payment or the timeliness of payment by DTC to any DTC participant, or by any DTC participant or other nominees of beneficial owners to any beneficial owner, of any amount due in respect of the principal of or redemption premium, if any, or interest on book-entry Series 2004 Bonds; (iv) delivery or timely delivery by DTC to any DTC participant, or by any DTC participant or other nominees of beneficial owners to any beneficial owners, of any notice (including notice of redemption) or other communication which is required or permitted under the terms of the Resolutions to be given to holders or owners of book-entry Series 2004 Bonds; (v) the selection of the beneficial owners to receive payment in the event of any partial redemption of book-entry Series 2004 Bonds, or (vi) any action taken by DTC or its nominee as the registered owner of the book-entry Series 2004 Bonds.

So long as Cede & Co. is the registered owner of the Series 2004 Bonds, reference herein to the registered owners of the Series 2004 Bonds (other than under the section herein "TAX MATTERS") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2004 Bonds.

Redemption of Series 2004 Bonds

The Series 2004 Bonds may not be called for redemption except as described below.

Optional Redemption. The Series 2004 Bonds maturing on or after June 1, ____, are subject to redemption at the option of the University, in whole or in part (in any integral multiple of \$5,000) on any date not earlier than June 1, ____, upon payment of the following redemption prices (expressed as a percentage of the principal amount of Series 2004 Bonds to be redeemed), plus interest accrued to the redemption date, as follows:

<u>Redemption Period</u> <u>(Both Dates Inclusive)</u>	<u>Redemption Price</u>
June 1, ____, through May 31, ____	%
June 1, ____, through May 31, ____	%
June 1, ____ and thereafter	%

Mandatory Redemption. (a) The Series 2004A Bonds maturing on June 1, ____ shall be subject to mandatory redemption by the University at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date, on June 1 in each of the years and amounts as follows:

<u>Year</u>	<u>Principal Amount</u>
-------------	-------------------------

____(final maturity)

The Series 2004A Bonds maturing on June 1, ____ shall be subject to mandatory redemption by the University at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date, on June 1 in each of the years and amounts as follows:

<u>Year</u>	<u>Principal Amount</u>
-------------	-------------------------

____ (final maturity)

(b) The Series 2004B Bonds maturing on June 1, ____ shall be subject to mandatory redemption by the University at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date, on June 1 in each of the years and amounts as follows:

<u>Year</u>	<u>Principal Amount</u>
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____ (final maturity)

(c) The Series 2004C Bonds maturing on June 1, ____ shall be subject to mandatory redemption by the University at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date, on June 1 in each of the years and amounts as follows:

<u>Year</u>	<u>Principal Amount</u>
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____ (final maturity)

(d) The Series 2004D Bonds maturing on June 1, ____ shall be subject to mandatory redemption by the University at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date, on June 1 in each of the years and amounts as follows:

<u>Year</u>	<u>Principal Amount</u>
____ (final maturity)	

(e) At its option, to be exercised on or before the fortieth day next preceding any applicable sinking fund redemption date, the University may receive a credit against its mandatory sinking fund redemption obligation for the applicable Series 2004 Bonds which prior to such date have been purchased by the University and presented to the Paying Agent for cancellation or redeemed (otherwise than through the operation of the sinking fund) and canceled by the Paying Agent and, in either case, not theretofore applied as a credit against any sinking fund redemption obligation.

Each Series 2004A Bond, Series 2004B Bond, Series 2004C Bond, or Series 2004D Bond so purchased, delivered or previously redeemed shall be credited by the Paying Agent at 100% of the principal amount thereof against the obligation of the University on such sinking fund redemption date to redeem Series 2004A Bonds, Series 2004B Bonds, Series 2004C Bonds or Series 2004D Bonds, as appropriate. Any excess over such obligation shall be credited against applicable future sinking fund redemption obligations, or deposits with respect thereto, in such order of maturity as shall be determined by the University, and the principal amount of such Series 2004 Bonds to be redeemed by operation of the sinking fund shall be accordingly reduced.

Selection of Series 2004 Bonds

Subject to the requirements of the Resolutions, if less than all of the Series 2004A Bonds, the Series 2004B Bonds, the Series 2004C Bonds or the Series 2004D Bonds are to be called for redemption, such Series 2004 Bonds to be redeemed shall be selected by the University in such manner as the University in its discretion may determine.

Notice of Redemption

During the period that DTC or the DTC nominee is the registered holder of the Series 2004 Bonds, the State Treasurer, as Paying Agent, will not be responsible for mailing notices of redemption to the Beneficial Owners of the Series 2004 Bonds. See "Book-Entry System" above.

Whenever Series 2004 Bonds are to be redeemed under the provisions of any of the Resolutions, the State Treasurer, as Paying Agent, shall, not less than 30 days nor more than 60 days prior to the redemption date, mail notice of redemption to all registered owners of all Series 2004 Bonds to be redeemed at their registered addresses. Any such notice of redemption shall be given in the name of the University, shall identify the Series 2004 Bonds to be redeemed, shall specify the redemption date and the redemption price, and shall state that on the redemption date the Series 2004 Bonds called for redemption will be payable at the office of the State Treasurer, as Paying Agent, and that from that date interest will cease to accrue.

If at the time of mailing of notice of any optional redemption the University shall not have caused to be deposited with the Paying Agent money sufficient to redeem all the Series 2004 Bonds called for redemption, such notice may state that it is conditional in that it is subject to the deposit of such moneys with the Paying Agent not later than the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Effect of Calling for Redemption

On the date designated for redemption, notice having been mailed in the manner and under the conditions hereinabove provided and moneys for payment of the redemption price being held in separate accounts by the Paying Agent in trust for the holders of the Series 2004 Bonds to be redeemed, all as provided in the applicable Resolution, the Series 2004 Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Series 2004 Bonds on such date, interest on the Series 2004 Bonds so called for redemption shall cease to accrue, such Series 2004 Bonds shall cease to be entitled to any benefit or security under the applicable Resolution and the holders or registered owners of such Series 2004 Bonds shall have no rights with respect thereto except to receive payment of the redemption price.

SECURITY FOR THE SERIES 2004 BONDS

Pursuant to the Resolutions, the University is required to pay the principal of, interest on and premium, if any, on the Series 2004 Bonds as they become due upon redemption, acceleration, maturity or otherwise from the moneys pledged to such payment. Such obligation to make payments with respect to the Series 2004 Bonds is secured by a pledge of Pledged General Revenues which may also be pledged to secure other obligations of the University permitted to be secured by Pledged General Revenues on a parity basis with the Series 2004 Bonds, as described below.

Pledge of Pledged General Revenues. Pursuant to each of the Resolutions, Pledged General Revenues are any or all of the General Revenues of the University which are not required by law or by binding contract entered into on or prior to the date of issuance of the Series 2004 Bonds to be devoted to some other purpose, but shall not include any General Revenues permitted to be excluded from Pledged General Revenues as described below. "General Revenues" means, without limitation, the University's total gross university sponsored overhead, unrestricted endowment income, tuition and fees, indirect cost recoveries, auxiliary enterprise revenues, general and nongeneral fund appropriations and other revenues not required by law to be used for another purpose.

The University has previously issued certain obligations secured by a pledge of the net revenues from the specific system or facility financed with the proceeds of such obligations, which are therefore General Revenues devoted to some other purpose within the meaning of the definition of Pledged General Revenues and are prior and superior to the pledge thereof securing the Series 2004 Bonds. These obligations include those secured by a pledge of net revenues from certain dormitory, dining hall, telecommunications, parking, student center and utility fees. A portion of these obligations are included in the Refunded Bonds being defeased upon the issuance of the Series 2004 Bonds. See "Outstanding Indebtedness" and "Debt Service Requirements" below, as well as the audited financial statements of the University included as Appendix B, for additional information regarding indebtedness of the University, including indebtedness secured by revenues excluded from the Pledged General Revenues securing the Series 2004 Bonds.

Net Revenues of the Systems as Additional Security for Certain of the Series 2004 Bonds. In addition to the University's pledge of Pledged General Revenues, the Series 2004B Bonds and any Additional Dormitory Bonds (as defined in Appendix D) (together, the "Dormitory System Bonds") will be secured by a pledge of and lien on the Net Revenues (as defined in Appendix D) of the Dormitory System. The Dormitory System Bonds will also be secured by a pledge of and lien on the Revenue Fund, Sinking Fund and Construction Fund (as such terms are defined in Appendix D), except that the Dormitory System Bonds will be secured by the Reserve Account in the Sinking Fund only if and to the extent that provisions are made in the applicable Series Resolutions (as defined in Appendix D) for such Dormitory System Bonds to be so secured. There is no Reserve Account for the Series 2004B Bonds. See "Outstanding Indebtedness" for a description of other outstanding indebtedness of the University secured by a pledge of and lien on the Net Revenues of the Dormitory System. See "Security for the Series 2004 Bonds" -- "Parity Credit Obligations" and "Additional Dormitory Bonds" in Appendix D for a description of the requirements to be met in order to issue additional indebtedness by or on behalf of the University in the future secured by a lien on Net Revenues of the Dormitory System on a parity with the lien thereon securing the Series 2004B Bonds.

In addition to the University's pledge of Pledged General Revenues, the Series 2004C Bonds and any Additional University Services System Bonds (as defined in Appendix E) (together, the "University Services System

Bonds") will be secured by a pledge of and lien on the Net Revenues (as defined in Appendix E) of the University Services System. The University Services System Bonds will also be secured by a pledge of and lien on the Revenue Fund, Sinking Fund and Construction Fund (as such terms are defined in Appendix E), except that the University Services System Bonds will be secured by the Reserve Account in the Sinking Fund only if and to the extent that provisions are made in the applicable Series Resolutions (as defined in Appendix E) for such University Services System Bonds to be so secured. There is no Reserve Account securing the Series 2004C Bonds. See "Outstanding Indebtedness" for a description of other outstanding indebtedness of the University secured by a pledge of and lien on the Net Revenues of the University Services System. See "Security for the Series 2004 Bonds" -- Parity Credit Obligations" and "Additional University Services System Bonds" in Appendix E for a description of the requirements to be met in order to issue additional indebtedness by or on behalf of the University in the future secured by a lien on Net Revenues of the University Services System on a parity with the lien thereon securing the Series 2004C Bonds.

In addition to the University's pledge of Pledged General Revenues, the Series 2004D Bonds and any Additional Athletic Facilities System Bonds (as defined in Appendix F) (together, the "Athletic Facilities System Bonds") will be secured by a pledge of and lien on the Net Revenues (as defined in Appendix F) of the Athletic Facilities System. The Athletic Facilities System Bonds will also be secured by a pledge of and lien on the Revenue Fund, Sinking Fund and Construction Fund (as such terms are defined in Appendix F), except that the Athletic Facilities System Bonds will be secured by the Reserve Account in the Sinking Fund only if and to the extent that provisions are made in the applicable Series Resolutions (as defined in Appendix F) for such Athletic Facilities System Bonds to be so secured. There is no Reserve Account securing the Series 2004D Bonds. There is no other outstanding indebtedness of the University secured by a lien on the Net Revenues of the Athletic Facilities System. See "Security for the Series 2004 Bonds" -- "Parity Credit Obligations" and "Additional Athletic Facilities System Bonds" in Appendix F for a description of the requirements to be met in order to issue additional indebtedness by or on behalf of the University in the future secured by a lien on Net Revenues of the Athletic Facilities System on a parity with the lien thereon securing the Series 2004D Bonds.

In the Systems Resolutions, the University has covenanted to set the rates, fees or charges for or in connection with the use or services of the Dormitory System, the University Services System and the Athletic Facilities System (together, the "Systems"), as appropriate, so that the Revenues derived therefrom, together with other funds made available therefor, will not be less than 100% of the operations and maintenance expenses of each System plus 110% of the debt service payable on each System. See "Particular Covenants of the University -- Covenants as to Fees" in each of Appendices D, E and F. Each of the Systems Resolutions also provides that the University may at any time (a) exclude any Revenues from the Revenues pledged thereunder by filing with the Treasury Board a written notice of such exclusion, executed by the University's Chief Financial Officer, describing the Revenues to be excluded and certifying that after the exclusion of such Revenues, the University will not be in default of any of its covenants under the applicable Systems Resolution or any Series Resolution adopted pursuant thereto, including without limitation its covenants relating to fees, rates, charges and revenues described in the preceding sentence, and (b) add to the definition of Revenues thereunder any revenues that are not then subject to the lien thereof by filing with the Treasury Board a written notice of such addition and a description of the revenues to be added.

Parity Credit Obligations. The University has previously issued bonds secured by a pledge of Pledged General Revenues identical to the pledge securing the Series 2004 Bonds, a portion of which will be refunded in full with the proceeds of the Series 2004 Bonds. See "**Introduction.**" The University may in the future issue any indebtedness, subject to the approval of the Treasury Board and the Governor of Virginia, whether secured or unsecured and whether payable from General Revenues or otherwise and pledge for the payment thereof any General Revenues, including Pledged General Revenues or other funds, revenues or receipts of the University. Any such pledge of General Revenues shall rank on a parity with any existing pledges of General Revenues, including the pledge of General Revenues in each of the Resolutions, unless expressly subordinated to the pledge thereof.

Each of the Systems Resolutions provides that any future Section 9(c) Bonds issued by or on behalf of the University that are secured by a pledge of all or any portion of the Net Revenues also pledged to secure Series 2004 Bonds issued under such Systems Resolution shall without further action automatically be deemed to be Parity Indebtedness secured on a parity basis with all Series 2004 Bonds issued pursuant to such Systems Resolution. See

"Security for the Series 2004 Bonds" -- "Net Revenues of the Systems as Additional Security for Certain of the Series 2004 Bonds" and "Outstanding Indebtedness" below.

Reducing Pledged General Revenues. The University may issue indebtedness secured by a pledge of specified General Revenues which General Revenues so pledged shall no longer be deemed a part of the Pledged General Revenues securing the Series 2004 Bonds, so long as the percentage obtained by dividing (a) Maximum Annual Debt Service (including projected Maximum Annual Debt Service for such indebtedness) by (b) the sum of the University's unrestricted current funds expenditures plus mandatory transfers for the most recent year for which audited financial statements are available does not exceed the greater of (i) nine percent (9%) or (ii) that percentage (currently seven percent (7%)) designated by the Secretary of Finance of the Commonwealth of Virginia under the Alternative Construction and Financing Guidelines. "Maximum Annual Debt Service" at any given time of determination, means the aggregate of the principal of (whether at maturity, by mandatory redemption or mandatory prepayment or acceleration) and interest on all outstanding Credit Obligations of the University payable during a particular Fiscal Year; provided that the amount of such payments shall be calculated in accordance with the computation assumptions set forth below.

Other Exclusions from and Additions to Pledged General Revenues. The University may at any time exclude any General Revenues from Pledged General Revenues by filing with the Treasury Board a written notice of such exclusion, executed by the University's Chief Financial Officer, describing the Pledged General Revenues to be excluded and certifying that the percentage obtained by dividing (a) Maximum Annual Debt Service by (b) the sum of the University's unrestricted current funds expenditures plus mandatory transfers for the most recent year for which audited financial statements are available does not exceed the greater of (i) nine percent (9%) or (ii) that percentage (currently seven percent (7%)) designated by the Secretary of Finance of the Commonwealth of Virginia under the Alternative Construction and Financing Guidelines. In addition, the University may at any time add to the definition of Pledged General Revenues under the Resolutions any General Revenues that are not then subject to the lien thereof by filing with the Treasury Board a written notice of such addition and a description of the General Revenues to be added.

Computation Assumptions. For purposes of construing any definitions or computing any covenants set forth in the Resolutions as they relate to Pledged General Revenues, the following rules apply:

(a) Maximum Annual Debt Service on any Balloon Credit Obligation in each Fiscal Year of the University will be assumed to be (i) the principal and interest due in that Fiscal Year (except any Fiscal Year in which more than twenty-five percent (25%) of the principal amount of the Credit Obligation is due, in which case this amount shall be zero) and (ii) the amount of principal and interest assigned to that Fiscal Year assuming that the amount of principal due in any Fiscal Year in which more than twenty-five percent (25%) of the principal amount of the Credit Obligation is due is computed on a level annual debt service schedule calculated at the interest rate on the Credit Obligation for a period of thirty (30) years from the date of issuance.

(b) Maximum Annual Debt Service on any Put Credit Obligation in each Fiscal Year will be assumed to be the sum of (i) the principal and interest due in that Fiscal Year and (ii) the amount of principal and interest determined by amortizing from its incurrence date the amount of principal that may become subject to mandatory purchase (including purchase that may be required at the option of the owner of the Credit Obligation) in any Fiscal Year in which more than 25% of the principal amount of the Credit Obligation may be subject to such mandatory purchase on a level annual debt service schedule calculated as described in subsection (a) above.

(c) Maximum Annual Debt Service will be assumed to exclude capitalized interest on Credit Obligations and principal of and interest on Credit Obligations to the extent that amounts are on deposit in an irrevocable escrow or are derived from the proceeds of other Credit Obligations (including the earnings or other increment to accrue thereon) that must be applied to pay such principal and interest and such amounts are sufficient to pay such principal and interest.

(d) The annual payment obligation represented by a Guaranty will, so long as such Guaranty constitutes a contingent liability, be assumed to be zero unless the University is required to make a payment pursuant to such Guaranty, in which case for each of the two next succeeding Fiscal Years, 100% of the maximum annual payment obligation under the Guaranty will be assumed to be a Credit Obligation of the University.

(e) The interest rate on any Variable Rate Credit Obligation will be assumed to be the average interest rate for the most recent 36-month period. If, however, the Variable Rate Credit Obligation has not been outstanding for 36 months, the interest rate will be assumed to be the higher of (i) the average interest rate in effect for the 12-month period preceding the date of calculation or (ii) the interest rate in effect on the date of calculation.

(f) For any Credit Obligation for which a binding commitment, letter of credit or other credit arrangement providing for the extension of such Credit Obligation beyond its original maturity date exists, the computation of Maximum Annual Debt Service will be made on the assumption that such Credit Obligation will be amortized either (i) in accordance with such credit arrangement or (ii) over a period of thirty (30) years from its original maturity date, whichever is longer.

"Balloon Credit Obligation" means any Credit Obligation, twenty-five percent (25%) or more of the original principal amount of which matures during any consecutive twelve-month period, if such maturing principal amount is not required to be amortized below such percentage by mandatory redemption or prepayment before such twelve-month period. Balloon Credit Obligation does not include any Credit Obligation that otherwise would be classified under the Resolutions as a Put Credit Obligation. "Credit Obligation" means any indebtedness incurred or assumed by the University for borrowed money and any other financing obligation of the University that, in accordance with generally accepted accounting principles consistently applied, is shown on the liability side of a balance sheet; provided that Credit Obligation shall not include any portion of any capitalized lease payment or any obligation of the University under the Virginia College Building Authority's Pooled Loan Program directly appropriated from general funds of the Commonwealth of Virginia or reasonably expected to be so appropriated as certified by the University's Chief Financial Officer, but only to the extent such appropriation is restricted by the Commonwealth to the payment of any such obligation. "Guaranty" means any obligation of the University guaranteeing any indebtedness of another person in any manner, whether directly or indirectly, including but not limited to obligations, contingent or otherwise (i) to purchase such indebtedness or any property constituting security for it, (ii) to advance or supply funds (1) for the purchase or payment of such indebtedness or (2) to maintain working capital or other balance sheet condition, (iii) to purchase securities or other property or services primarily to assure the owner of such indebtedness of the primary obligor's ability to make payment of the indebtedness, or (iv) otherwise to assure the owner of such indebtedness against loss with respect thereto. "Put Credit Obligation" means any Credit Obligation that is (i) payable or required to be purchased by or on behalf of the underlying obligor, at its owner's option, before its stated maturity date or (ii) payable or required to be purchased from the owner by or on behalf of the underlying obligor (other than at the owner's option) before its stated maturity date. "Variable Rate Credit Obligation" means any Credit Obligation the interest rate on which is not established at the time of incurrence at a fixed or constant rate.

THE SERIES 2004 BONDS AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE COMMONWEALTH OF VIRGINIA, LEGAL, MORAL OR OTHERWISE AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE SERIES 2004 BONDS OR OTHER COSTS INCIDENT THERETO. NEITHER THE COMMONWEALTH OF VIRGINIA NOR THE UNIVERSITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE SERIES 2004 BONDS OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE SOURCES PLEDGED THEREFOR IN THE RESPECTIVE RESOLUTIONS.

THE SYSTEMS

The following is a general description of each of the Systems as they presently exist. Each of the Systems Resolutions permits the University to add and remove facilities from the respective Systems under the circumstances described therein. See *"Exclusions from and Additions to Revenues"* in each of Appendices D, E and F.

The Athletic Facilities System. The athletic department at the University provides competition for more than 450 student-athletes in a total of 21 varsity sports, 11 for men and 10 for women. More than 300 of the University's student-athletes receive scholarship support to participate on behalf of the University. The varsity sports include football, basketball, baseball, golf, soccer, swimming, diving, tennis, track/field, wrestling, lacrosse, and volleyball. Student-athletes at the University presently compete at the Division I level of the National Collegiate Athletic Association (NCAA) in the Big East Conference for all sports, except wrestling. Beginning July

1, 2004, all of the varsity sports will compete as part of the Atlantic Coast Conference (ACC). The University's Athletic Facilities System includes a 65,511-seat football stadium, a 10,052-seat basketball arena, separate fields for baseball, softball, track, soccer and football practice, indoor and outdoor tennis courts, an indoor track and football practice building, strength and conditioning gymnasiums, training rooms, rehabilitation, counseling, and academic support centers; locker rooms; and administrative offices. The University completed the expansion of the south end zone of Lane Stadium in August 2002, increasing seating capacity to its current level (the "South End Zone Project"). The University has begun construction of the West Side Lane Stadium Project which will be financed, in part, with the proceeds of this issuance. Once the West Side Lane Stadium Project is completed, Lane Stadium will have a seating capacity of _____.

The athletic department is responsible for all aspects of the administration of the athletic programs, student scholarships, program finances, and the maintenance of the University's athletics in accordance with NCAA guidelines and university and state policies. The athletic department employs 130 salaried staff (including coaches), 50 student assistants on scholarships and approximately 200 full- or part-time wage employees throughout the year.

The Athletic Facilities System is supported largely by income from football and basketball ticket sales, conference and licensing revenue sharing agreements, NCAA allocations, private contracts for exclusive broadcasting rights, game concessions, and private gifts. However, 21% of the Athletic Facilities System's income for the 2003-04 Fiscal Year is expected to come from a \$232 comprehensive fee assessed to each University student annually. Revenue generated from this fee supports a portion of athletic operating expenses, existing debt service on facilities, and the maintenance of facilities. This per student fee amount has not changed since the 1998-99 Fiscal Year. Revenue generated from this fee for the last five years is shown as follows:

Fiscal Years				
1998-99	1999-00	2000-01	2001-02	2002-03
\$5,722,423	\$5,659,718	\$5,828,709	\$5,826,430	\$5,774,711

As with all auxiliary enterprises operated within the state-assisted public universities, the Athletic Facilities System is self-supporting. In accordance with state guidelines, the University charges the Athletic Facilities System an administrative fee for indirect costs incurred on its behalf. Over the last five years, the charges have been assessed as follows:

Fiscal Years				
1998-99	1999-00	2000-01	2001-02	2002-03
\$754,271	\$840,150	\$966,533	\$986,295	\$1,206,258

The following is a listing of athletic facilities that have been added or improved since 1998:

- *The Merryman Center* – An all-purpose building containing a sports medicine complex with training rooms and doctors offices, a strength and conditioning center, a speed and agility gym, a coaches locker room, a 130 seat auditorium, nine position meeting rooms, a conference room, and memorabilia room, and a video studio.
- *Eddie Ferrell Training Facility* - Over 4000 square feet of new training facility that consolidates three training rooms into one state of the art complex with a hydrotherapy area and other medical support services.
- *Academic Support Offices* - This was a renovation of an existing office set-up that provided for private counseling offices and study rooms for the University's student-athletes.
- *New Football Game Field* - This is a new state of the art natural grass sports field system for Lane Stadium built in trays with 22 air vents under the field connected to a heating system and a vacuum system which will draw water out of the field or blow fresh air or heated air into the root zone of the field.

- *New Football Practice Facility* - A new practice facility that provides two full fields, which can be turned 90 degrees at any time to minimize the wear and tear during the season and has an underground drainage system that will move up to 16 inches of rain within an hour.
- *North End Zone Seating* - The addition of 5,600 seats in the north end zone has provided for expanded capacity to provide additional revenue.
- *Cassell Coliseum Renovation* - The refinishing of all the seats in the coliseum combined with the new look and added concessions convenience provided by the rework of the concourse in the coliseum for basketball, volleyball and wrestling.
- *South End Zone* - The south end zone contains new visiting team locker rooms, 15 luxury suites, two indoor club spaces for the fans, new concessions and rest rooms as well as a state of the art media center for the press.
- *Soccer/Lacrosse Stadium and Field* - This facility has a drainage system that provides rapid drainage of rainwater and contains approximately 1000 seats which can be expanded to 2000 seats.

Other projects completed in the last five years include new women's basketball offices, new locker rooms for men and women's tennis, new field lights for baseball, and new locker rooms for the women's basketball team.

Fundraising for the Athletic Facilities System. The Virginia Tech Athletic Fund, Inc., raises money for athletic scholarships, facilities, and programmatic needs for the Athletic Facilities System. The majority of all of the gifts are received by the Virginia Tech Foundation and invested and managed by the Foundation. As of December 31, 2003, the combined athletic endowed funds in support of Athletic Facilities System programs totaled \$23,334,039. Approximately \$1.1 million in earnings is used each year to help pay the tuition, room and board expenses of the University's student-athletes. A total of \$14,582,092 has been pledged for the South End Zone Project, approximately \$10,571,000 of which has been received in cash payments to date. A total of \$4,680,300 has been pledged for the West Side Lane Stadium Project of which \$2,605,852 has been received in cash payments to date. The following gifts were received for the benefit of the Athletic Facilities System programs during the last five years:

<u>Gift Designations</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
	<i>(Dollars in Thousands)</i>				
Endowments	\$1,729	\$2,197	\$1,727	\$1,535	\$710
Annual Fund	3,292	5,172	5,445	6,314	6,631
Capital Projects	3,188	2,095	2,394	4,987	6,324
Initiative Fund/ Athletic Programs *	<u>735</u>	<u>560</u>	<u>865</u>	<u>853</u>	<u>717</u>
Total Giving	<u>\$8,944</u>	<u>\$10,024</u>	<u>\$10,431</u>	<u>\$13,689</u>	<u>\$14,382</u>

* Represents gifts restricted to all 21 sports at the University, dance team, cheer squad, gifts-in-kind, and other similar athletic beneficiaries.

Net Revenues of the Athletic System for the last five fiscal years ended June 30, 2003 were as follows:

Net Revenues of the Athletic System (unaudited)

	Years Ended June 30,				
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
	<i>(Dollars in Thousands)</i>				
Total Revenues	\$18,238	\$22,956	\$25,450	\$23,441	\$29,338
Total Expenses	<u>16,082</u>	<u>18,815</u>	<u>21,742</u>	<u>21,512</u>	<u>24,152</u>
Net Revenues	\$ 2,156	\$ 4,144	\$ 3,708	\$ 1,929	\$ 5,186
Total Debt Service*	<\$1,034>	<\$1,033>	<\$1,033>	<\$1,774>	<\$2,144>
Non-mandatory Transfers	<u><594></u>	<u><1,230></u>	<u><1,313></u>	<u><268></u>	<u><325></u>
Increase (Decrease) in Fund Balance	528	1,881	1,362	(113)	2,717
Fund Balance:					
Beginning of Year	<u>1,983</u>	<u>2,511</u>	<u>4,392</u>	<u>5,754</u>	<u>5,641</u>
End of Year	<u>\$2,511</u>	<u>\$4,392</u>	<u>\$5,754</u>	<u>\$5,641</u>	<u>\$8,358</u>

* Includes payments on certain University's Virginia College Building Authority Bonds (the "VCBA Bonds") which secured only by Pledged General Revenues of the University and are not secured by a pledge of the Net Revenues of the Athletic Facilities System, but which the University intends to pay from the revenues of the Athletic Facilities System.

The Dormitory and Dining Hall System. The residence and dining hall system at the University provides services for the 16th largest on-campus resident population in the United States, with more than 8,900 student spaces in 45 residential facilities. The system has the 11th largest university dining program in the country; more than 13,000 students, faculty and staff purchase one of six different dining plans offered. The dining system serves 3.4 million student and 1 million non-student meals and transactions annually in five facilities. Students and customers can choose from menus prepared and served a la carte in food courts, all-you-care-to-eat in board facilities, or opt for on-site national brands such as Pizza Hut®, Chick-fil-A®, Sbarro®, and Au Bon Pain®, staffed with dining system employees.

The Office of Student Programs is responsible for all aspects (facilities, housing and dining services, staffing, residence life, judicial, fraternity and sorority programs), and reports to the Vice President for Student Affairs. All of these functions are consolidated in one department with combined administrative, human resource, public relations, information technology and business management. The department employs about 400 full-time, salaried staff, and another 1,000 general and student wage employees. Approximately 40% of the annual operating budget is supported by the housing and the remaining 60% by the dining auxiliary budgets.

Student Programs meet all financial obligations and generate favorable customer satisfaction results, while charging the lowest combined rate in the Commonwealth of Virginia and among the members of the State Council of Higher Education in Virginia. Any revenue and expense funds remaining at fiscal year-end are used in subsequent years to finance preventive maintenance and renovations, further enabling the system to keep rates low.

The process of assigning rooms and insuring retention maximizes occupancy levels and revenue, and provides access to on-campus housing for all applicants. Students are informed throughout the year of deadlines and procedures they need to follow to obtain on-campus housing for the following year, with most of the process and communication occurring via the Internet. Electronic and print publicity includes promotional information discussing the advantages of on-campus living.

Historically, the number of students who apply exceeds available space. More than 99% of the freshman class lives on campus by required policy (certain exceptions are granted for local residents). Upper class students' applications are assigned a computer-generated random number, used to determine the order in which they are

offered and assigned to housing. Typically, 85% of upper class applicants obtain a room contract on the first offer, and the second offer incorporates as many waiting-list applicants as possible. Residents sign a housing and dining contract for the entire academic year. A waiting list is kept to fill vacancies created by attrition during the academic year; at mid-year, a number of new, transfer and Cooperative Education students augment the spring semester occupancy.

During the last five academic years, the Residence Hall System has experienced the following occupancy rates: (expressed as the percentage of available spaces filled each semester):

	<u>Fall Semester</u>	<u>Spring Semester</u>	<u>Academic Year</u>
1999-00	101.10%	95.90%	98.52%
2000-01	97.86%	93.95%	95.90%
2001-02	98.76%	95.27%	97.02%
2002-03	96.60%	92.84%	94.73%
2003-04	98.70%	95.40%	97.05%

Net Revenues of the Dormitory System for the last five fiscal years ended June 30, 2003 were as follows:

Net Revenues of the Dormitory System (unaudited)

	<u>Years Ended June 30,</u>				
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
	<i>(Dollars in Thousands)</i>				
Total Revenues	\$35,810	\$38,618	\$41,297	\$45,159	\$45,403
Total Expenses	<u>31,449</u>	<u>31,239</u>	<u>33,007</u>	<u>34,677</u>	<u>34,972</u>
Net Revenues	\$ 4,361	\$ 7,379	\$ 8,290	\$ 10,482	\$10,431
Total Debt Service*	<\$5,131>	<\$6,088>	<\$6,309>	<\$5,908>	<\$5,841>
Non-Mandatory Transfers	<u><3,634></u>	<u><3,365></u>	<u><7,327></u>	<u><3,423></u>	<u><2,293></u>
Increase (Decrease) in Fund Balance	(4,404)	(2,074)	(5,346)	1,151	2,297
Fund Balance:					
Beginning of Year	<u>26,601</u>	<u>22,197</u>	<u>20,123</u>	<u>14,777</u>	<u>15,928</u>
End of Year	<u>\$22,197</u>	<u>\$20,123</u>	<u>\$14,777</u>	<u>\$15,928</u>	<u>\$18,225</u>

* Includes payments on certain VCBA Bonds which are secured only by Pledged General Revenues of the University and are not secured by a pledge of the Net Revenues of the Dormitory System, but which the University intends to pay from the revenues of the Dormitory System.

The University Services System. The University created a student-related University Services System in 1996 with revenues that were initially derived from three auxiliary enterprises: Recreational Sports, Student Health Services and Student Center. Proceeds from the 1996C Bonds financed the construction of a wellness and recreation center that expanded and replaced existing gymnasium and infirmary facilities. The new combined facility better serves the student's needs by providing a wide variety of recreational, fitness, health and sport activities.

Each semester, students are required to pay a comprehensive fee for related student activities, and this fee is being used to pay the debt service on the Series 1996C Bonds, as well as outstanding Section 9(c) Bonds previously issued on behalf of the Student Center Auxiliary. The 2003-04 comprehensive fees assessed per student to support the debt service and operations sponsored by the University Services System are \$144 for Recreational Sports, \$189 for Student Health Services and \$227 for Student Activities. In addition to the comprehensive fees, the University Services System currently receives \$60,000 annually from the Virginia Tech Foundation in support of the student centers and receives self-generated revenues through the sales of goods and services.

There are currently two student centers located on the main campus. The facilities serve as the center for student government operations and student activity programs. The original "Squires Hall" was constructed in 1937 and contained 54,366 square feet. The University renovated the original building in 1969 and again in 1988, which added additional space of 108,482 and 72,400 square feet, respectively. In 1992 the University constructed a second student center totaling 24,556 square feet to facilitate students on the other side of the campus.

During the Spring of 2004, the University expects to complete the construction of a new Career Services Facility within the University Services System. The facility will accommodate the needs of students and recruiters, and improve the University's ability to meet the employment needs of the student and prospective employer. Roughly 22,000 square feet; the new space will house the university's career services program, which helps students make satisfying decisions about careers and majors, obtain career-related experience through co-op or internship placements, consider graduate or professional school options, and seek employment. These activities require private interview rooms, waiting rooms, conference areas, and work areas that the new facility will provide. Student comprehensive fees will be increased to support the debt service on these bonds and the operation of the career services program.

Net Revenues of the University Services System for the last five fiscal years ended June 30, 2003 were as follows:

Net Revenues of the University Services System (unaudited)

	Years Ended June 30,				
	1999	2000	2001	2002	2003
	<i>(Dollars in Thousands)</i>				
Total Revenues	\$15,629	\$16,117	\$16,544	\$16,678	\$16,501
Total Expenses	<u>10,654</u>	<u>11,528</u>	<u>12,511</u>	<u>12,734</u>	<u>12,181</u>
Net Revenues	\$4,975	\$4,589	\$4,033	\$3,944	\$4,320
Total Debt Service*	<\$3,604>	<\$3,609>	<\$3,610>	<\$3,607>	<\$3,601>
Non-Mandatory Transfers	<u><489></u>	<u>717</u>	<u><117></u>	<u><761></u>	<u><1,174></u>
Increase (Decrease) in Fund Balance	882	1,697	306	(424)	(455)
Fund Balance:					
Beginning of Year	<u>4,885</u>	<u>5,767</u>	<u>7,464</u>	<u>7,770</u>	<u>7,346</u>
End of Year	<u>\$5,767</u>	<u>\$7,464</u>	<u>\$7,770</u>	<u>\$7,346</u>	<u>\$6,891</u>

* Includes payments on certain VCBA Bonds which are secured only by Pledged General Revenues of the University and are not secured by a pledge of the Net Revenues of the University Services System, but which the University intends to pay from the revenues of the University Services System.

THE UNIVERSITY

See Appendix A for a description of the University. Financial statements of the University for the year ended June 30, 2003, audited by the Auditor of Public Accounts of the Commonwealth of Virginia, are attached as Appendix B hereto.

OUTSTANDING INDEBTEDNESS

The following chart lists the University's long-term indebtedness, including the Series 2004 Bonds, assuming that the Series 2004 Bonds are issued under the current plan of finance and the proceeds thereof are applied on their date of issuance to refund and defease the Refunded Bonds in full.

<u>Description</u>	<u>Outstanding Principal</u>	<u>Final Maturity</u>
Section 9(d) Series 2004 Bonds		2029
Commonwealth of Virginia General Obligation Bonds ("Section 9(c) Bonds") ⁽³⁾	\$41,489,000	2020
Section 9(d) Virginia College Building Authority Bonds ("VCBA Bonds") ⁽¹⁾	79,963,000	2028
Section 9(d) University Bonds ⁽²⁾		
Other ⁽⁴⁾	9,639,000	2021
TOTAL	\$ _____	

- ⁽¹⁾ The Virginia College Building Authority Bonds listed above are bonds issued by the Virginia College Building Authority under Article X, Section 9(d) of the Constitution of Virginia ("VCBA Bonds") and are secured only by a pledge of the Pledged General Revenues of the University.
- ⁽²⁾ Includes outstanding Series 1996A Bonds and Series 1996B Bonds that are not being refunded with the Series 2004 Bonds. Also includes outstanding \$1,375,000 Utility System and General Revenue Pledge Bonds, Series 1996D (the "Series 1996D Bonds") not being refunded with the Series 2004 Bonds.
- ⁽³⁾ The Commonwealth of Virginia General Obligation Bonds listed above are bonds issued by the Commonwealth under Article X, Section 9(c) of the Constitution of Virginia ("Section 9(c) Bonds") and are secured by both (i) a general obligation of the Commonwealth and (ii) a pledge of the net revenues of the facility or system at the University financed in whole or in part with such bonds that is senior to the General Revenue Pledge securing the Series 2004 Bonds. Section 9(c) Bonds can be issued only after certification by the Governor, "based upon responsible engineering and economic estimates, that the anticipated net revenues to be pledged to the payment of principal of and interest on such debt will be sufficient to meet such payments as the same become due and to provide such reserves as the law authorizing such debt may require." At the time of the issuance of such bonds the University was required to deliver a financial feasibility study prepared by the University indicating that the net revenues pledged to such bonds would be sufficient to pay all debt service on such bonds. Such net revenues have at all times been sufficient to pay such debt service, and the University continues to believe that such revenues will be sufficient for such payments in the future. \$ _____ of the Section 9(c) Bonds currently outstanding are secured by a pledge of Net Revenues of the Dormitory System on a parity with the pledge of Net Revenues of the Dormitory System securing the Series 2004B Bonds. \$ _____ of the Section 9(c) Bonds currently outstanding are secured by a pledge of Net Revenues of the University Services System on a parity with the pledge of Net Revenues of the Services System securing the Series 2004C Bonds.
- ⁽⁴⁾ "Other" reflects the University's obligations aggregating \$9,531,000 for lease agreements related to equipment and to the Student Services and Southgate Center Addition buildings together with the University's installment purchase obligations for equipment aggregating \$108,000.

DEBT SERVICE REQUIREMENTS

Series 2004 Bonds. The following table sets forth the debt service requirements on the Series 2004 Bonds during each fiscal year of the University ending June 30. **This table will be completed in the final Official Statement to reflect the actual interest rates and maturities of the Series 2004 Bonds.**

Debt Service on Series 2004 Bonds

Fiscal Year Ending June 30	Series 2004A <u>Bonds</u>			Series 2004B <u>Bonds</u>			Series 2004C <u>Bonds</u>			Series 2004D <u>Bonds</u>			All Series 2004 <u>Bonds</u>		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2004			*			*			*			*			*
2005															
2006															
2007															
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2028															
2029															

* These amounts also include accrued interest on the Series 2004 Bonds from May 1, 2004 until May 12, 2004 which will be due and payable on December 1, 2004.

All Indebtedness. The following table sets forth the total amount of principal and interest payable on all currently outstanding indebtedness of the University during each fiscal year of the University ending June 30, assuming that the Series 2004 Bonds are issued under the current plan of finance and the proceeds thereof are applied on their date of issuance to refund and defease the Refunded Bonds in full. **This table will be completed in the final Official Statement to reflect the actual interest rates and maturities of the Series 2004 Bonds.**

**Debt Service on Series 2004 Bonds
and other Indebtedness to be Outstanding**

Fiscal Year Ending June 30	Section 9(d) Series 2004 Bonds	Section 9(c) Bonds	Section 9(d) Virginia College Building Authority Bonds	Section 9(d) University Bonds ⁽¹⁾	Other ⁽²⁾	Total Debt Service
2004		\$7,074,649	\$6,848,241		\$753,124	
2005		5,205,685	7,310,824		704,326	
2006		5,214,809	7,243,910		707,525	
2007		5,218,059	7,168,216		699,653	
2008		5,204,965	5,695,653		704,975	
2009		3,934,668	5,694,853		715,450	
2010		3,930,457	5,697,295		720,050	
2011		3,782,389	5,680,465		728,950	
2012		3,829,459	5,682,494		736,974	
2013		2,802,565	5,682,567		744,125	
2014		2,793,449	5,674,011		755,400	
2015		1,925,900	5,679,092		765,625	
2016		1,928,375	5,665,601		774,800	
2017		1,941,363	5,666,779		787,925	
2018		1,936,000	5,655,254		799,825	
2019		401,100	5,650,813		810,500	
2020		152,613	4,879,731		819,950	
2021			3,945,600		614,238	
2022			3,570,081			
2023			3,575,706			
2024			2,990,250			
2025			2,985,250			
2026			3,081,500			
2027			3,054,125			
2028			1,568,250			
2029						
Less: Unamortized Discount		\$(100,320)	1,248,000			
Add: Deferral on debt defeasance		<u>733,896</u>				
Total		\$57,910,081	\$127,594,961		\$13,343,415	

⁽¹⁾ Includes outstanding Series 1996A Bonds and Series 1996B Bonds that are not being refunded with the Series 2004 Bonds. Also includes outstanding \$1,375,000 Utility System and General Revenue Pledge Bonds, Series 1996D (the "Series 1996D Bonds") not being refunded with the Series 2004 Bonds.

⁽²⁾ "Other" reflects the University's obligations aggregating \$9,531,000 for lease agreements related to equipment and to the Student Services and Southgate Center Addition buildings together with the University's installment purchase obligations for equipment aggregating \$108,000.

INVESTMENT CONSIDERATIONS

The ability of the University to pay debt service on the Series 2004 Bonds may be affected by a wide variety of factors, including the level of appropriations to the University made by the Commonwealth of Virginia and the University's ability to attract students, contributions, grants and other funds. Prospective purchasers of the Series 2004 Bonds should review carefully the financial and other information relating to the University contained in Appendices A and B hereto. The following are some of the factors that may affect the economic well being of the University.

Support by the Commonwealth

Over the past ten years, the Commonwealth's share of the University's total operating budget has dropped from more than 35% to less than 28%. General economic conditions in Virginia, declining tax revenues, budget cuts and a variety of other factors could adversely affect the appropriations made in the future to the University from such revenues. See "Relationship with the Commonwealth" in the section captioned "General" and "Budgeting" and "Management's Discussion of Operational and Financial Performance" in the section captioned "Financial and Related Information on the University" in Appendix A.

Legislation authorizing the creation of charter colleges and universities was introduced in the 2004 session of the Virginia General Assembly. Senate Bill 638 relating to charter colleges and universities was referred to the Senate Committee on Education and Health and continued to the 2005 session of the Virginia General Assembly. House Bill 1359 relating to charter colleges and universities was referred to the House Committee on Appropriations and continued to the 2005 session of the Virginia General Assembly. Charter colleges as presently contemplated would be given comparatively more authority to manage their affairs autonomously in exchange for a decrease in general fund appropriations from the Commonwealth. If the University is eligible and operates as a charter college, such status could adversely affect the University's appropriation of general fund revenues.

Student Fees; Faculty; Grants and Other Support

A substantial portion of the University's revenues is derived from tuition and other fees paid by students, including students from states other than Virginia paying significantly higher tuition and fees than those paid by residents of the Commonwealth. The University's ability to collect student tuition and fees could be affected by general economic conditions, the general reputation of the University or particular programs and any requirements that it reduce the number of out-of-state students. Such changes could also affect the ability of the University to attract and retain high quality faculty, who in turn affect the University's ability to attract students, grants and other forms of financial support.

The University's ability to collect student tuition and fees is further impacted by policies of the Virginia General Assembly. The Virginia General Assembly has limited higher education institutions ability to increase tuition and mandatory educational and general fees for Virginia resident undergraduates at public colleges and universities in prior years.

University revenues include a wide variety of federal funds, including contracts for services, grants, scholarships, loans and other forms of federal assistance. Further restrictions on a number of such programs or a reduction in the amount of indirect costs the University can recover under some programs could have an adverse effect on the University. Reduction in federal expenditures in these areas and additional restrictions also could have an adverse effect on the University.

Fund Raising and Endowment

The University receives funds from alumni and other private donors and from earnings on various endowments and other funds. See "Related Foundation" and "Private Support and Development Efforts" in the section captioned "General" in Appendix A. General economic conditions could affect the University's ability to receive donations at recent levels, and a wide variety of factors could affect the generation of income from endowments and other funds producing income for the University.

Exclusion of Revenues

Each of the Resolutions permits the University to exclude General Revenues from Pledged General Revenues securing all of the Series 2004 Bonds under the circumstances described therein. See "Security for the Series 2004 Bonds" -- "Reducing Pledged General Revenues" and "Security for the Series 2004 Bonds" -- "Other Exclusions from and Additions to Pledged General Revenues." Each of the Systems Resolutions also permits the University to exclude any Revenues from the Net Revenues pledged to secure those Series 2004 Bonds issued thereunder under the circumstances described therein. See "Security for the Series 2004 Bonds" -- "Net Revenues of the Systems as Additional Security for Certain of the Series 2004 Bonds."

ABSENCE OF LITIGATION

There is no litigation pending in any court or, to the best knowledge of the University, threatened, questioning the corporate existence of the University, or that would restrain or enjoin the issuance or delivery of the Series 2004 Bonds, or that concerns the proceedings of the University taken in connection with the Series 2004 Bonds or the pledge or application under the Resolutions of Pledged General Revenues to payment of all Series 2004 Bonds and of Net Revenues of the Dormitory System, the University Services System and the Athletic

Facilities System to payment of the Series 2004B Bonds, the Series 2004C Bonds, and the Series 2004D Bonds, respectively, or which contests the powers of the University with respect to the foregoing.

LEGALITY FOR INVESTMENT

Under the Act, the Series 2004 Bonds are made securities in which all public officers and bodies of the Commonwealth of Virginia and all political subdivisions thereof, all insurance companies and associations and all savings banks and savings institutions, including savings and loan associations, in the Commonwealth may properly and legally invest funds in their control.

TAX MATTERS

Opinion of Bond Counsel

Bond Counsel's opinion will state that, under current law and assuming compliance with the Covenants (as defined below), interest on the Series 2004 Bonds (including any accrued "original issue discount" properly allocable to the Series 2004A Bonds maturing on or after June 1, ____, Series 2004B Bonds maturing on or after June 1, ____, Series 2004C Bonds maturing on or after June 1, ____ and Series 2004D Bonds maturing on or after June 1, ____ (the "OID Bonds")) is excludable from gross income for purposes of federal income taxation and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, for the purposes of the alternative minimum tax imposed on corporations (as defined for federal income tax purposes under Section 56 of the Internal Revenue Code of 1986, as amended (the "Code")), interest on the Series 2004 Bonds must be included in computing adjusted current earnings for purposes of computing such tax. Bond Counsel's opinion also will state that interest on the Series 2004 Bonds is exempt from income taxation by the Commonwealth. No other opinion will be expressed by Bond Counsel regarding the tax consequences of the ownership of, or the receipt or accrual of interest, on the Series 2004 Bonds.

Bond Counsel's opinion will be given in reliance upon certifications of representatives of the University as to facts material to the opinion. Bond Counsel will also rely on computations provided to ____, ____, the mathematical accuracy of which was verified by them, relating to the yield on the Series 2004 Bonds and the yield on the securities used to defease the Refunded Bonds. The University has covenanted to comply with the provisions of the Code regarding, among other things, the use, expenditure and investment of proceeds of the Series 2004 Bonds, the arbitrage restrictions imposed by the Code and certain other actions which would cause interest on the Series 2004 Bonds to be includable in gross income of their owners (the "Covenants"). Failure of the University to comply with the Covenants could cause interest on the Series 2004 Bonds to become includable in gross income for federal income tax purposes retroactively to their date of issue.

Other Tax Matters

In addition to the matters addressed above, prospective purchasers of the Series 2004 Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial institutions, property and casualty insurance companies, subchapter S corporations, foreign corporations subject to the branch profits tax, corporations subject to the environmental tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations.

Legislation affecting municipal securities constantly is being considered by the United States Congress. There can be no assurance that legislation enacted after the date of issuance of the Series 2004 Bonds will not have an adverse effect on the tax-exempt status of the Series 2004 Bonds. Legislative or regulatory actions and proposals also may affect the economic value of tax exemption or the market price of the Series 2004 Bonds.

Prospective purchasers of the Series 2004 Bonds should consult their tax advisors as to the applicability and impact of such consequences, including the status of interest on the Series 2004 Bonds under the tax laws of any state other than Virginia.

Tax Accounting Treatment of OID Bonds

The "original issue discount" ("OID") of an OID Bond is the excess of its stated redemption price at maturity over the initial offering price to the public at which price a substantial amount of the Series 2004 Bonds of the same maturity was sold. The "public" does not include bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. OID on the OID Bonds represents interest that is excludable from gross income for purposes of federal and Virginia income taxation. However, the portion of the OID that is deemed to have accrued to the owner of an OID Bond in each year will be included in determining the alternative minimum tax imposed on individuals and corporations and environmental tax and the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences mentioned in the preceding subsection. Therefore, owners of OID Bonds should be aware that the accrual of OID in each year may result in alternative minimum tax liability, environmental tax liability, additional distribution requirements, or other collateral federal and Virginia income tax consequences although the owner may not have received cash in such year.

Interest in the form of OID is treated under Section 1288 of the Code as accruing under a constant yield method that takes into account compounding on a semiannual or more frequent basis. If an OID Bond is sold or otherwise disposed of between semiannual compounding dates, then the OID that would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

In the case of an original owner of an OID Bond, the amount of the OID that is treated as having accrued on such OID Bond is added to the owner's cost basis in determining, for federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity). The amounts received upon such disposition that are attributable to accrued OID will be excluded from the gross income of the recipients for federal income tax purposes. The accrual of OID and its effect on the redemption, sale or other disposition of OID Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above.

Owners of OID Bonds should consult their own tax advisors with respect to the precise determination for federal tax purposes of interest accrued upon sale or redemption of such OID Bonds and with respect to state and local tax consequences of owning OID Bonds.

Tax Accounting Treatment of OIP Bonds

The initial offering price of Series 2004A Bonds maturing after June 1, _____ and on or before June 1, _____, Series 2004B Bonds maturing on June 1, _____, Series 2004C Bonds maturing on June 1, _____, and Series 2004D Bonds maturing on June 1, _____ (the "OIP Bonds") at which a substantial amount of such OIP Bonds will be sold exceeds the principal amount payable on such OIP Bonds at maturity or upon redemption. Such excess constitutes amortizable bond premium for federal income tax purposes.

For purposes of determining gain or loss for federal income tax purposes upon a disposition of an OIP Bond, the cost basis of such OIP Bond in the hands of its original owner will include the amount of the amortizable bond premium. Such amortizable premium will be allocated over the term of the OIP Bond on the basis of the owner's yield to maturity in a manner that takes into account compounding on a semiannual or more frequent basis. The amount of amortizable bond premium allocable to any such semiannual compounding period will be applied against and reduce the owner's adjusted tax basis in such OIP Bond as of the close of such period. If an OIP Bond is sold or otherwise disposed of between semiannual compounding dates, the owner's basis is reduced by a portion of the amortizable bond premium allocable to the period in which such disposition occurs, determined by allocating such portion equally among each day in such period.

The effect of any such reduction in the owner's tax basis is to increase the taxable gain (or reduce the taxable loss, as the case may be) that is realized by such owner for federal income tax purposes on a subsequent sale, redemption or payment at maturity of such OIP Bond.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriters on behalf of the University relating to the mathematical computation of (a) the forecasted receipts of principal and interest on the U.S. Government Obligations deposited in the escrows for, and the forecasted payments of principal and interest to redeem all of the Refunded Bonds, and (b) the yields on the Series 2004 Bonds and such escrowed U. S. Government Obligations was examined by _____, certified public accountants. Such computations were based solely upon assumptions and information supplied by the Underwriters on behalf of the University. _____ has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

LEGAL MATTERS

Legal matters with regard to the authorization and sale of the Series 2004 Bonds are subject to the approving opinion of Troutman Sanders LLP, Bond Counsel, which opinion will be furnished at the expense of the University upon the delivery of the Series 2004 Bonds and will be substantially in the form set forth in Appendix G. Bond Counsel's opinion will be limited to matters relating to the authorization and validity of the Series 2004 Bonds and to the tax-exempt status of interest thereon as described in "Tax Matters."

Certain legal matters will be passed upon for the University by Kay Heidbreder, Esquire, Associate General Counsel to the University and Special Assistant Attorney General, and for the Underwriters by its counsel, McGuireWoods LLP, Richmond, Virginia.

UNDERWRITING

Morgan Keegan & Company, Inc., Morgan Stanley & Co., Incorporated and Davenport & Company LLC (together, the "Underwriters") have entered into a Bond Purchase Agreement to purchase the Series 2004 Bonds at a price of \$_____, representing the aggregate principal amount of the Series 2004 Bonds plus accrued interest from _____, 2004 to their date of issuance less (a) original issue discount (net of premium) of \$_____ and (b) underwriters' discount of \$_____ (____% of the face amount of the Series 2004 Bonds). The obligation of the Underwriters to pay for the Series 2004 Bonds is subject to certain terms and conditions set forth in the Bond Purchase Agreement, including delivery of specified opinions of counsel and of certificates of the University that there has been no material adverse change in its condition (financial or otherwise) from that set forth in this Official Statement. The University has agreed in the Bond Purchase Agreement to indemnify the Underwriters against certain liabilities relating to this Official Statement.

The Underwriters may offer and sell Series 2004 Bonds to certain dealers (including dealer banks and dealers depositing Series 2004 Bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover of this Official Statement. Such initial public offering prices may be changed from time to time by the Underwriters.

RATINGS

As shown on the cover page of this Official Statement, the Series 2004 Bonds have been rated [AA] by Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc. ("S&P"), and [Aa3] by Moody's Investors Service, Inc. ("Moody's"). The University requested that the Series 2004 Bonds be rated and furnished certain information to S&P and Moody's, including certain information that may not be included in this Official Statement. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

Such ratings reflect only the views of the rating agencies, and further explanation of the significance of such ratings may be obtained from S&P, at 55 Water Street, New York, New York, 10041 and from Moody's, at 99 Church Street, New York, New York 10007. Such ratings are not a recommendation to buy, sell or hold the Series 2004

Bonds. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Such action, if taken, could have an adverse effect on the market price of the Series 2004 Bonds.

Neither the University nor the Underwriters have undertaken any responsibility after issuance of the Series 2004 Bonds to assume maintenance of such ratings or to oppose any proposed revision or withdrawal of such ratings.

PRICING ADVISOR

The University has retained BB&T Capital Markets, a division of Scott & Stringfellow, Inc. to assist the University in reviewing the pricing of the Series 2004 Bonds.

RELATIONSHIP OF PARTIES

McGuireWoods LLP, counsel to the Underwriters, previously has represented the University on matters unrelated to the issuance of the Series 2004 Bonds. Troutman Sanders LLP, bond counsel, serves as counsel to the Underwriters from time to time on matters unrelated to the issuance of the Series 2004 Bonds. Currently, Jacob A. Lutz, III, a partner of Troutman Sanders LLP, is on the board of visitors of the University.

CONTINUING DISCLOSURE

The University has undertaken in each of the Resolutions to comply with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission (the "SEC"), by providing (i) certain annual financial information, including audited financial statements prepared in accordance with generally accepted accounting principles and operating data relating to the University, not later than seven months after the end of each of its fiscal years commencing with the University's fiscal year ending June 30, 2004 (the "Annual Reports"), and (ii) notices of the occurrence of certain enumerated events, if material. The Annual Reports will be filed by the University with each nationally recognized municipal securities information repository ("NRMSIR") and with any Virginia qualifying state information depository ("SID") that may hereafter be established. Notices of material events will be filed with each NRMSIR or the Municipal Securities Rulemaking Board and any SID. See "**Continuing Disclosure**" in each of Appendices C, D, E and F. Such undertaking requires the University to provide only limited information at specified times. The University previously has undertaken to provide continuing disclosure pursuant to the Rule in connection with the Series 1996A Bonds, the Series 1996B Bonds, the Series 1996C Bonds and the Series 1996D Bonds (together, the "Series 1996 Bonds"). The University has made the required filings to be in compliance with its continuing disclosure obligations with respect to the Series 1996 Bonds.

As of the date of this Official Statement, the SEC has recognized the following entities as NRMSIRs:

Bloomberg Municipal Repository

100 Business Park Drive
Skillman, New Jersey 08558
Telephone: (609) 279-3225
Facsimile: (609) 279-5962
E-Mail: Munis@Bloomberg.com

FT Interactive Data

Attn: NRMSIR
100 Williams Street
New York, New York 10038
Telephone: (212) 771-6999
Facsimile: (212) 771-7390 (Secondary Market Information)
(212) 771-7391 (Primary Market Information)
E-Mail: NRMSIR@FTID.com

DPC Data Inc.

One Executive Drive
Fort Lee, New Jersey 07024
Telephone: (201) 346-0701
Facsimile: (201) 947-0107
E-Mail: nrmsir@dpcdata.com

Standard & Poor's J.J. Kenny Repository

55 Water Street, 45th Floor
New York, New York 10041
Telephone: (212) 438-4595
Facsimile: (212) 438-3975
E-Mail: nrmsir_repository@sandp.com

As of the date of this Official Statement, no SID has been created for Virginia. If, however, a Virginia SID is hereafter created, the University is obligated to make filings and provide notices to such SID as required by the Rule. Investors and other interested parties may contact any NRMSIR for additional information concerning its services. The University makes no representation as to the scope of the services provided to the secondary market by any NRMSIR or as to the costs for the provision of such services by any NRMSIR.

As described more fully in "Continuing Disclosure" in each of Appendices C, D, E and F, in the event of any failure of the University to provide the required continuing disclosure, any bondholder may bring an action seeking specific performance of the University's obligations to provide continuing disclosure. No assurance can be given as to the outcome of any such proceeding. The University may modify its obligations set forth above, provided that such modification complies with the Rule as it exists at the time of modification.

MISCELLANEOUS

The summaries or descriptions of provisions of the Resolutions and all references to other materials not purporting to be quoted in full are qualified in their entirety by reference to the complete provisions of the documents and other materials summarized and described. Copies of the Resolutions may be obtained from the State Treasurer, as Paying Agent.

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. Information in this Official Statement concerning the University (including financial data) has been selected and prepared by or on behalf of the University for inclusion herein.

**VIRGINIA POLYTECHNIC INSTITUTE
AND STATE UNIVERSITY**

By: _____

**Certain Information with Respect to
The Virginia Polytechnic Institute and State University**

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

GENERAL

Virginia Polytechnic Institute and State University ("Virginia Tech" or the "University") was founded in 1872 as the land grant institution for the Commonwealth of Virginia (the "Commonwealth"). As a comprehensive, coeducational, research-oriented University, Virginia Tech strives for excellence in fulfilling the related missions of instruction, research and extension. The University is the largest institution of higher education in the Commonwealth.

The University is located in Blacksburg, Virginia, 38 miles southwest of Roanoke. The University campus and research grounds in the Blacksburg and surrounding areas cover over 5,000 acres with more than 100 campus buildings. As of the end of June 2003, the value of all the University's buildings in the Commonwealth totaled almost \$500 million. The Carol M. Newman Library, housing more than 1.8 million volumes, has been admitted to the Association for Research Libraries. The Computer Center, built around a multi-vendor network of computing and communications systems, provides centralized resources and support for teaching, research, and administration. All campus facilities, including residence halls, are connected by more than 1,000 miles of fiber optic cable providing voice, data and video communications.

The University offers 80 bachelor's degree programs through its seven undergraduate academic colleges: Agriculture and Life Sciences, Architecture and Urban Studies, Liberal Arts and Human Sciences, Pamplin College of Business, Engineering, Natural Resources, and Science. On the postgraduate level, the University offers master's and doctoral degree programs through the graduate school and a professional degree from the Virginia-Maryland Regional College of Veterinary Medicine. The Graduate School offers master's degrees in 85 different programs and doctoral degrees in 53. For the fall of 2003, there were approximately 4,000 graduate students participating in the University's on-campus programs while almost 2,000 graduate students participated in off-campus programs.

The research division of the University is responsible for enhancing and fostering the growth of the research activities of the University. In fiscal year 2001, the total research expenditures of the University as reported to the National Science Foundation were over \$216 million, which ranked the University 49th among the nation's colleges and universities in terms of size of the research program. Research is conducted in all the academic departments of the University. In addition, 16 University level interdisciplinary research centers have been organized to bring together faculty from a variety of disciplines to attack problems that are typically larger and more complex than a single faculty could undertake. The University's faculty and staff totals over 6,000, of which over 1,200 are full-time instructional faculty. Approximately 67% of the full-time instructional faculty are tenured.

The Virginia Tech Corporate Research Center, a subsidiary of the Virginia Tech Foundation, Inc., is located on 120 acres adjacent to campus and offers businesses the opportunity to establish close working relationships with the University. Currently, more than 100 firms engaged in leading-edge research in diverse areas of technology have located at the Corporate Research Center.

Through Outreach and International Affairs and Cooperative Extension, the University extends its research discoveries and educational resources to all citizens of the Commonwealth and around the world. Programs are financed by federal, state, and local governments, industry grants and contracts, and individual participants. Many educational programs are delivered at the Donaldson Brown Hotel and Conference Center, located on the main campus, which also provides food, lodging and conferencing services.

Virginia Tech has a number of facilities located across the Commonwealth. These facilities include the Marion DuPont Scott Equine Medical Center in Leesburg, the Northern Virginia Graduate Center in Fairfax, the Hampton Roads Graduate Center in Norfolk, the Roanoke Valley Graduate Center in Roanoke, and the Washington-Alexandria Center in Alexandria. Other facilities include the Southwest Virginia Higher Education Center in Abingdon, the Peninsula Graduate Center in Hampton, the Richmond Center in Richmond and the Virginia Consortium of Engineering and Science Universities in Charlottesville. Additionally, Virginia Cooperative Extension provides research based information to the people of the Commonwealth through 107 county extension offices, 6 4-H educational centers, and 13 Agricultural Research and Extension Centers. The Virginia Tech Foundation, Inc., a separate 501(c)(3) corporation whose sole purpose is to receive, manage and distribute gifts on behalf of the University, owns and maintains the Center for European Studies in Architecture in Riva San Vitale, Switzerland. The Center is used to facilitate Virginia Tech's study abroad program, which is managed by the University. The Foundation also owns and maintains the Hotel Roanoke that is used in conjunction with the Hotel Roanoke Conference Center for academic programs, continuing education, seminars and conferences. The WVTF Public Radio Station, a 100,000 watt FM station with studios in Roanoke, is owned and operated by the Virginia Tech Foundation, as well.

The University fields a total of 21 men and women intercollegiate sports teams and is a member of the Big East Conference. On June 27, 2003, Virginia Tech President Charles Steger announced that the University officially accepted the Atlantic Cost Conference's invitation to join the conference. The University will officially join the ACC on July 1, 2004 and will begin play in the 2004-05 academic year. The University has a 65,511 seat stadium, a 10,052 seat coliseum, a field house for indoor athletics, a soccer/lacrosse stadium, baseball and softball stadiums, an indoor tennis facility and an athletic administration and training complex. An extensive intramural program offers opportunities for participation in more than 20 recreational activities.

Relationship with the Commonwealth. As an agency and instrumentality of the Commonwealth, the University is obligated to conform its financial procedures to various constitutional and statutory provisions. Except for gifts and endowment income, substantially all the funds received by the University, including grants and contract income, constitute revenues of the Commonwealth, which must in all cases be appropriated to the University's use by the General Assembly before the University can spend them. These revenues consist of general fund appropriations, primarily derived from tax revenues, appropriated to cover both capital expenditures and a portion of operating expenses, and special fund revenues, primarily derived from collections by the University itself, such as tuition, fees, room and board charges, and self-generated revenues. The Constitution of Virginia provides that once special fund revenues are deposited into the State Treasury, they cannot be paid out for any purpose "except in pursuance of appropriations made by law."

Under the budgetary procedures followed by the Commonwealth, all Commonwealth revenues are appropriated by the General Assembly pursuant to appropriation acts adopted at least every two years. Prior to adopting appropriation acts, the General Assembly receives the recommendation of the Governor contained in the executive budget for the biennium. The Governor prepares the budget on the basis of revenue estimates submitted by the Department of Taxation and reviewed by the Governor's Advisory Board of Economists and Board on Revenue Estimates. The Governor is assisted in the preparation of the executive budget by the Secretary of Finance and the Department of Planning and Budget, which reviews and approves the expense estimates and capital outlay requests received from the agencies of the Commonwealth. Revenues and expenditures are accounted for as directed by the State Comptroller. The Auditor of Public Accounts audits the Commonwealth's financial transactions to assure the reporting of such transactions is in compliance with generally accepted accounting principles.

Before any agency of the Commonwealth can expend any amount appropriated to it in an appropriation act, the Department of Planning and Budget must allot such funds to the agency. The Governor has authority to reduce general fund appropriations to avoid a deficit if he determines that estimated "general fund revenues" would be insufficient to pay such general fund appropriations in full. The Governor must reduce special fund appropriations if he determines that the special fund revenues supporting such appropriations will be insufficient.

The General Assembly historically has appropriated for the University all special fund revenues collected by the University. While the General Assembly has provided in Section 23-26 of the Code of Virginia that it "will not limit or alter" the right of the University to pledge any revenues to the payment of obligations issued by the University and that it will not act "in any way to impair the rights and remedies" of the holders of such obligations, the power to appropriate funds is entirely within the discretion of the General Assembly.

The General Assembly historically has also appropriated general fund revenues of the Commonwealth to the University for a variety of purposes. See "Financial Information - Appropriations from the Commonwealth" below.

Consistent with other state agencies dependent upon legislative appropriations for operating revenues, the University has no assurance that the General Assembly will continue to make appropriations of general fund revenues or special fund revenues derived from operations of the University, either for operating expenses or in adequate amounts to enable the University to pay debt service on the Bonds.

Recent Developments. Over the past ten years, the Commonwealth's share of the University's total operating budget has dropped from more than 35% to less than 28%. During this time, the University has increased other sources of support; including growth in research and sponsored programs which has more than doubled, growth in tuition revenue, growth in self-generated revenue, completion of a successful capital campaign, and growth in its endowment of over 97%.

Though general fund appropriations from the Commonwealth account for less than 28% of total funding during fiscal year 2003-04, they remain a major source of support for many of the University's academic programs. The challenge of maintaining institutional excellence in the face of several budget reductions pushes the University to determine what is essential to its mission, to use resources wisely, and to find alternative means to fund core purposes.

The reduction in support for the University from the Commonwealth has encouraged the University to examine the ways in which the University may alter its business relationship with the Commonwealth. Over the past ten years, the General Assembly has granted the University much of what the University has sought in terms of decentralization. The University is currently working with the Commonwealth to examine and seek the next logical step of decentralization while remaining committed to its public mandate. Further decentralization would allow the University the authority to manage more of its own affairs without the involvement of agencies, policies or procedures of the Commonwealth.

Legislation authorizing the creation of charter colleges and universities was introduced in the 2004 session of the Virginia General Assembly. Senate Bill 638 relating to charter colleges and universities was referred to the Senate Committee on Education and Health and continued to the 2005 session of the Virginia General Assembly. House Bill 1359 relating to charter colleges and universities was referred to the House Committee on Appropriations and continued to the 2005 session of the Virginia General Assembly. Charter colleges as presently contemplated would be given comparatively more authority to manage their affairs autonomously in exchange for a decrease in general fund appropriations from the Commonwealth. If the University is eligible and operates as a charter college, such status could adversely affect the University's appropriation of general fund revenues. However, operating as a charter college could also provide the University with more flexibility to seek additional revenue sources.

Board of Visitors. The corporate powers of the University are exercised by a Board of Visitors of 14 members, 13 of whom are appointed by the Governor and confirmed by the Senate of Virginia. The fourteenth member is the President of the Board of Agriculture and Consumer Services, who serves ex-officio. The usual term is four years, and except in limited circumstances, service is limited to two full terms. Three members of the Board may reside outside Virginia and at least six members must be alumni of the University. The current members of the Board are:

Members of the Board of Visitors

<u>Name</u>	<u>Occupation</u>
John G. Rocovich, Jr. Rector	Partner, Moss & Rocovich Roanoke, Virginia
Ben J. Davenport, Jr. Vice-Rector	President, First Piedmont Corporation Chatham, Virginia
L. Bruce Holland Ex-Officio	President, Board of Agriculture and Consumer Services Richmond, Virginia
Michael Anzilotti	Retired Chantilly, Virginia
Mitchell O. Carr	President, Augusta Lumber & Supply, Inc. Waynesboro, Virginia
Hemnant Kanakia	President, Kanakia Ventures, LLC Bethesda, Maryland
John R. Lawson, II	President and CEO, W.M. Jordan Company, Inc. Newport News, Virginia
T. Rodman Layman	Partner, Crowell, Nuckols, Layman & Aust Pulaski, Virginia
Sandra Stiner Lowe	Director, Office of Partnerships Fairfax, Virginia
Jacob A. Lutz, III	Partner, Troutman Sanders LLP Richmond, Virginia
A. Ronald Petera	Consultant Toano, Virginia
Thomas L. Robertson	Chair, Carilion Foundation Naples, Florida
James W. Severt, Sr.	Retired Martinsville, Virginia
Philip S. Thompson	Vice President of Sales & Marketing for the Technology Group, IBM Corporation Somers, New York

Administration. The President of the University has primary responsibility for the management and operation of the University. The provost, vice presidents, deans and all other administrative officers are responsible to the President and through the President to the Board of Visitors. Administrative officers are as follows:

President	Charles W. Steger
Provost and Vice President for Academic Affairs	Mark G. McNamee
Executive Vice President and Chief Operating Officer	Minnis E. Ridenour
Vice President for Alumni Relations	Thomas C. Tillar
Vice President for Budget and Financial Management	M. Dwight Shelton
Vice President for Business Affairs	Kurt J. Krause
Vice President for Development and University Relations	Elizabeth A. Flanagan
Vice President for Information Technology	Earving L. Blythe
Vice President for Multicultural Affairs	Benjamin Dixon
Vice President for Student Affairs	Landrum L. Cross
University Treasurer	Raymond D. Smoot, Jr.

Minnis E. Ridenour, Executive Vice President and Chief Operating Officer of Virginia Tech, will be stepping down from his current post on June 30, 2004, and will retire in 2005 with 31 years of service to the University. On July 1, 2004, he will serve as senior fellow for public and private resource development, and also assist with special projects as requested by the administration. Upon retirement in 2005, Mr. Ridenour plans to continue teaching at the graduate and undergraduate levels in financial management for governmental and non-profit organizations. The University is in the process of selecting a new Executive Vice President and expects this new officer to be at the University by July 1, 2004.

Admissions Policy and Students. The University receives freshman and transfer applications exceeding the number of enrollees it can accommodate. Set forth in the following table are the number of students submitting applications for admission, offers extended as a percent of applications received, and new enrollment as a percentage of offers extended.

Student Admissions					
	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
Applications Received (includes transfers)					
Undergraduate	18,380	21,451	21,869	20,906	21,259
Graduate and First Professional	7,393	7,691	7,614	9,171	8,698
Offers as Percentage of Applications					
Undergraduate	71.0	60.1	66.4	64.1	66.6
Graduate	44.8	45.3	43.3	37.0	34.2
New Enrollment as Percentage of Offers					
Undergraduate	43.2	42.9	39.9	40.7	40.0
Graduate	53.0	59.5	59.4	56.3	59.6

Enrollment. The number of students as measured by fall enrollment for the last five academic years is set forth in the following table:

Total Student Enrollment (Head Count)					
	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
Enrollment by Classification					
Undergraduate	21,812	21,428	21,593	21,473	21,348
Graduate and First Professional	6,098	6,441	6,610	6,554	6,407
Enrollment by Campus					
Blacksburg Campus	25,783	25,643	25,912	25,819	25,737
Northern Virginia Grad Center	1,538	1,381	1,308	1,204	1,114
Other Off-Campus Locations	589	845	983	1,004	904
Enrollment by Residence					
Virginia	20,274	19,975	19,812	19,338	18,970
Other States	6,045	6,218	6,331	6,487	6,541
Other Countries	1,591	1,676	2,060	2,202	2,244

Academic Programs. The University offers bachelor's degree programs through its seven undergraduate academic colleges. On the post graduate level, the University offers master's and doctoral degree programs through the graduate school and a professional degree from the Virginia-Maryland Regional College of Veterinary Medicine. The University's eight degree granting colleges are:

College of Agriculture and Life Sciences. The College of Agriculture and Life Sciences provides an education in the science and business of life. It offers almost 40 different options for bachelor of science degrees through ten departments. The college also offers an associate of agriculture degree through a two-year Agricultural Technology Program.

College of Architecture and Urban Studies. The College of Architecture and Urban Studies at Virginia Tech consists of the School of Architecture + Design and the School of Public and International Affairs, plus three independent departments. Programs offered include architecture, art and art history, building construction, public administration and policy, interior design, industrial design, landscape architecture, government and international affairs, and urban affairs and planning. All strive to promote an understanding of the complexity of the environment and ways to improve that environment through thoughtful teaching and research in the design, planning, and construction fields. The college enrolls more than 2,200 students, offering 22 degrees programs taught by 130 faculty members.

R. B. Pamplin College of Business. Students in the R. B. Pamplin College of Business are prepared to perform in the global economy, improve competitiveness and profitability of the business community, provide professional training and expertise to public and private enterprises, and to support the continued professional development of a highly trained faculty to maintain their cutting edge knowledge and technical skills. The college is accredited by the Association for the Advancement of Collegiate Schools of Business, International (AACSB).

College of Engineering. The College of Engineering has over 5,700 undergraduate students, making it one of the five largest programs in the country. It offers Bachelor of Science degrees in 13 areas which are accredited by the Accreditation Board of Engineering and Technology. The hallmark of the undergraduate experience is the "Hands On, Minds On" philosophy that guides the curriculum development, and stretches into a host of engineering-related extracurricular activities. There are over 1,600 students in its well-renowned graduate programs, enabling it to rank 14th in the nation in annual expenditures on engineering research. The College of Engineering offers graduate programs for both a thesis and a non-thesis M.S., a more practice-oriented MEA, an M.Eng., and the Ph.D.

College of Liberal Arts and Human Sciences. The College of Liberal Arts and Human Sciences embraces the arts, humanities, social and human sciences, and education. The college nurtures intellect and spirit, enlightens decision-making, inspires positive change and improves the quality of life for people of all ages. It is home to the School of Education, the School of the Arts, the Center for Gerontology and 15 departments including: Apparel, Housing & Resource Management; Communication; Educational Leadership & Policy Studies; English; Foreign Languages & Literatures; History; Human Development; Interdisciplinary Studies; Music; Philosophy; Political Science; ROTC; Science and Technology in Society; Sociology; Teaching & Learning; and Theatre Arts.

College of Natural Resources. The College of Natural Resources offers six majors from four departments: Department of Fisheries and Wildlife Resources, Department of Forestry, Department of Geography and the Department of Wood Science and Forest Products. Forestry and Wildlife Resources offers the Bachelor of Science degree on the undergraduate level, as well as the M.S. and Ph.D. degrees on the graduate level. The Department of Forestry offers an M.F. degree that is intended to give additional post-baccalaureate education in forestry.

The College of Science. The College of Science offers baccalaureate degrees in nine disciplines, encompassing the mathematical, psychological, and natural sciences. Students are allowed to create a curriculum tailored to their goals and interests. Many of the natural science majors provide excellent preparation for medical, veterinary, and dental schools.

The Virginia-Maryland Regional College of Veterinary Medicine. The Virginia-Maryland Regional College of Veterinary Medicine offers the M.S. and Ph.D degrees in Veterinary Medical Sciences. The primary objective of the graduate program is to prepare graduate students as scholars who will expand the base of new veterinary and biological knowledge.

The University has a Cooperative Education Program, which allows students to alternate semesters of study with semesters of professional work during the sophomore and junior years. An Honors Program is available for qualified students to expand their intellectual powers through special sections of regular classes, seminars, and independent study. The Study Abroad Program consists of academic programs, tours, and independent travel, conducted in conjunction with overseas universities and institutions. Army, Air Force, and Navy ROTC programs are offered to students enrolled in the corps.

Related Foundation. The Virginia Tech Foundation, Inc. (the "Foundation" or the "Virginia Tech Foundation"), a 501(c)(3) corporation, was established in 1948 to receive, invest, manage and disburse private funds given by alumni and friends of the University to enhance the quality of the University's programs. The Foundation's stated mission is to "promote and foster growth, progress, and the general welfare" of the University. The Treasurer of the University also serves as Chief Operating Officer and Secretary-Treasurer of the Virginia Tech Foundation.

Total assets of the Foundation and its subsidiaries as of June 30, 2003, were \$613.5 million. Of that amount, \$88 million represents land and buildings including the Hotel Roanoke, the Corporate Research Center, and various real estate holdings throughout the Commonwealth, \$411.6 million of investments, \$31.5 million receivables on contributions and \$20 million of notes, deeds of trust and irrevocable trusts held by others. Notes and bonds payable totaled \$84.3 million, which included the Foundation's debt at the Corporate Research Center and the Hotel Roanoke debt of the Hotel Roanoke Foundation. Of the \$439.7 million net assets of the Foundation, \$53.6 million were categorized as unrestricted, \$186.6 million as temporarily restricted, and \$199.5 million as permanently restricted. The Foundation has no obligation to make payments on the Series 2004 Bonds.

Investment and Related Endowment Performance. The University is the beneficiary of certain types of funds that provide support for the University's academic programs and related cultural and athletic activities above and beyond those funds appropriated by the Commonwealth for use by the University. As of June 30, 2003, the market value of the Foundation's endowment funds totaled \$331.3 million, of which \$35.9 million represents the University's quasi-endowment funds. The endowment value per full time student was approximately \$12,831 for 2003.

The endowment program, managed by the Virginia Tech Foundation, has grown from \$46 million in 1985 to over \$367.1 million on December 31, 2003. The Foundation's Investment Committee has policy oversight responsibility for the management of the fund and provides guidance with the assistance of the fund's consultant, Cambridge Associates. The endowment's investment policy is structured to maximize the total return of the portfolio at defined levels of risk. The fund is fully diversified across asset classes, investment styles and corresponding allocations to each. Current asset classes of the endowment fund include domestic large-cap, mid-cap and small-cap stocks; international stocks; fixed income; real estate; hedge funds; venture capital; private equity and leveraged buyout partnerships. The endowment's spending rate is reviewed annually and typically adjusted to reflect changes in the Consumer Price Index provided that total spending falls within a range approved by the Foundation's Investment Committee. The endowment's investment return for the year ending 12/31/03 was 23.4%. Over the last three, five and ten year periods the endowment has achieved annualized returns of 2.4%, 4.1% and 7.7%, respectively.

Private Support and Development Efforts. The University continues to benefit from the generosity of alumni and friends, foundations, and corporations. During fiscal year 2002-03, Virginia Tech received \$54.3 million and during fiscal year 2001-02, Virginia Tech received a record \$72.6 million in private gifts and pledges (including sponsored program grants) at a time when private giving to education across the country was in decline. During that peak year, 40% of Virginia Tech's private funding came from alumni donors, which was 20 percentage points higher than the benchmark average of other large public research universities. In the 12 years ending in 2003 the University doubled the level of annual private support to the \$72.6 million level.

The University concluded its last capital campaign in June of 1998. The campaign target of \$250 million was greatly exceeded with total charitable gifts of \$337 million. The outstanding success of the campaign reflects not only the loyalty and affection of Virginia Tech's 180,000 alumni, but also the reputation of the University and its stature among the top research institutions in the country. To ensure continued excellence, the University recently began the silent phase of a seven year, \$800 million capital campaign, the largest single campaign in the school's history.

Virginia Tech's fundraising efforts are supported by an aggressive and sophisticated development operation and, over the past five years, gifts and pledges have averaged \$63.5 million annually. Through the first six months of fiscal 2003-04 the University has received \$35.2 million in charitable gifts, a 45% increase over the same period the year before. Total gift income over the last five years is as follows:

	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
Total Gift Income	\$71,400,000	\$55,000,000	\$66,400,000	\$72,600,000	\$54,300,000

FINANCIAL AND RELATED INFORMATION ON THE UNIVERSITY

Budgeting. The University submits a budget request to the Governor, for approval by the legislature, every two years. Amendment requests may be made to the Governor in the off years and to the legislature in each year. The Commonwealth appropriates all funds expended by the University except for gifts and endowment income. Unless specifically approved by the Governor, unused state general funds revert to the general fund of the Commonwealth on June 30 of each year. However, institutions of higher education that meet management standards may request the carry forward of unexpended general fund appropriation from one fiscal year to the next. The University continues to meet those standards each year. See "Relationship with the Commonwealth" in "The University." As a result of the Commonwealth of Virginia's economic condition, Virginia Tech received a General Fund appropriation for fiscal year 2003-04 of \$200.6 million, which is a \$14.1 million decrease over the previous year's General Fund appropriation of \$214.5 million and a \$62.4 million decrease over the fiscal year 2000-01 General Fund appropriation of \$263.0 million. During this same period, Operating Revenues have increased from \$364.5 million to \$525.7M which is a \$161.2 million increase. While some growth is occurring in restricted funds, the University continues to believe that educational pricing capacity exists.

General Fund Appropriations from the Commonwealth. Appropriations from the Commonwealth and other revenue available for unrestricted and restricted current fund operations for the past five years on an accrual basis were as shown below (see "Relationship with the Commonwealth" herein):

<u>Academic Year</u>	<u>Operating Revenue</u>	<u>State General Fund Appropriations</u>	<u>Other Revenue*</u>	<u>Total Revenue</u>
2002-2003	\$442,080,000	\$214,478,000	\$104,219,000	\$760,777,000
2001-2002	393,519,000	252,387,000	67,662,000	713,568,000
2000-2001	364,471,000	263,031,000	48,151,000	675,653,000

* Other revenue includes gifts, investment income, and capital revenue including state appropriations for capital projects.

Listed below are the unaudited cash basis budgets for the current fiscal year. The decline in State General Fund Appropriations is subsiding while strength continues in Operating Revenues. Note that the final audited "Other Revenues" will be larger than the approved budget. This is because the audited financial data includes payments made on behalf of the University such as local government support of cooperative extension programs and third party payments made by the Virginia Tech Foundation.

<u>Academic Year</u>	<u>State General Fund Appropriations</u>	<u>Operating Revenue</u>	<u>Other Revenue*</u>	<u>Total Revenue</u>
2003-2004	\$200,619,780	\$525,712,222	\$107,813,000	\$834,145,002

* Other revenue includes gifts, investment income, and capital revenue including state appropriations for capital projects.

Financial Statements. Financial statements of the University for the fiscal year ending June 30, 2003, audited by the Auditor of Public Accounts are attached as Appendix B hereto. The following information with respect to the University's Revenues, Expenses and Changes in Net Assets is derived from the audited financial statements of the University for the last three years:

Summary of Statement Revenues, Expenses and Changes in Net Assets
(Dollars in Thousands)

	Year Ended June 30		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
Operating Revenue:			
Student tuition and fees, net of scholarship allowance	\$159,419	\$137,689	\$130,514
Federal appropriation	14,382	13,394	13,592
Federal grants and contracts	107,400	87,323	76,513
State grant and contracts	14,256	13,240	12,113
Local grants and contracts	12,389	13,165	12,453
Nongovernmental grants and contracts	23,599	21,603	18,467
Sales and services of educational activities	9,223	8,951	8,981
Auxiliary enterprise revenue, net of scholarship allowance	99,182	95,555	90,541
Other operating Revenues	<u>2,230</u>	<u>2,599</u>	<u>1,297</u>
Total operating revenue	<u>442,080</u>	<u>393,519</u>	<u>364,471</u>
Operating Expense:			
Instruction	201,895	207,475	196,941
Research	155,927	142,002	129,519
Public service	64,715	74,309	68,987
Academic support	44,527	43,922	39,198
Student services	14,560	14,477	14,218

Institutional support	32,088	34,098	34,774
Operation and maintenance of plant	36,811	38,918	38,707
Student financial assistance	11,996	12,012	13,084
Auxiliary enterprises	87,761	84,384	82,197
Loan administrative fees and collection costs	204	47	38
Depreciation expense	<u>44,086</u>	<u>44,880</u>	<u>46,823</u>
Total operating expense	<u>694,570</u>	<u>696,524</u>	<u>664,486</u>
Operating Loss	<u>(252,490)</u>	<u>(303,005)</u>	<u>(300,015)</u>
Non-operating revenues (expenses):			
State appropriations	214,478	252,387	263,031
Gifts	43,229	41,088	41,854
Investment income, net of investment expense	3,223	327	3,722
Other additions	125	116	--
Interest expense on debt related to capital assets	<u>(8,245)</u>	<u>(7,805)</u>	<u>(7,438)</u>
Net non-operating revenues	<u>252,810</u>	<u>286,113</u>	<u>301,169</u>
Income (loss) before other revenues, expenses, gains or losses	<u>320</u>	<u>(16,9862)</u>	<u>1,154</u>
Capital appropriations	28,315	13,289	22,357
Capital appropriations reverted to the Commonwealth of Virginia	(3,717)	(444)	(33,722)
Capital grants and gifts	33,044	13,286	13,940
Gain (loss) on disposal of capital assets	<u>(789)</u>	<u>(1,804)</u>	<u>(2,920)</u>
Total other revenues	<u>56,853</u>	<u>24,327</u>	<u>(345)</u>
Increase in net assets	57,173	7,435	809
Net assets – beginning of year	<u>448,521</u>	<u>441,086</u>	<u>440,277</u>
Net assets – end of year	<u>\$505,694</u>	<u>\$448,521</u>	<u>\$441,086</u>

Summary Statement of Net Assets
(Dollars in Thousands)

	Year Ended June 30		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
Assets:			
Current assets	\$170,008	\$150,748	\$140,081
Capital assets, net of accumulated depreciation	557,775	498,907	469,646
Other non-current assets	<u>133,451</u>	<u>120,048</u>	<u>122,899</u>
Total assets	\$861,234	\$769,703	\$732,626
Liabilities:			
Current liabilities	\$148,704	\$140,166	\$127,722
Non-current liabilities	<u>206,836</u>	<u>181,016</u>	<u>163,818</u>
Total liabilities	<u>355,540</u>	<u>321,182</u>	<u>291,540</u>
Net assets:			
Invested in capital assets, net of related debt	386,313	344,070	341,118
Restricted	80,239	73,638	70,038
Unrestricted	<u>39,142</u>	<u>30,813</u>	<u>29,930</u>
Total net assets	<u>505,694</u>	<u>448,521</u>	<u>441,086</u>
Liabilities and net assets:	<u>\$861,234</u>	<u>\$769,703</u>	<u>\$732,626</u>

Financial Information. The University adopted Governmental Accounting Standards Board (GASB) Statement Number 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, as amended by GASB Statement Number 35, *Basic Financial Statement – and Management's Discussion and Analysis – For Public and Universities* beginning in fiscal year 2002. These statements require public college and university financial statements to report on the university as a whole. Under financial reporting standards previously in effect, the University's financial statements focused on the accountability of individual fund groups.

Following is a list of certain significant changes to the University's financial statements as mandated by the new reporting standards:

- The measurement focus and basis of accounting is presented in full accrual, consistent with the accounting method used by private sector institutions. All current year's revenues and expenses are recognized when earned or incurred, regardless of when cash is received or disbursed.
- Resources are classified for accounting and reporting purposes into the following four net asset categories: invested in capital assets – net of related debt, restricted nonexpendable, restricted expendable, and unrestricted.
- Revenues and expenses are categorized as operating or non-operating. Significant recurring sources of the University's revenues, including state appropriations, gift contributions, and investment income (loss), are considered non-operating.
- Depreciation of capital assets is recognized. Current year depreciation expense is shown as an operating expense on the Statement of Revenues, Expenses, and Changes in Net Assets.
- Infrastructure assets are capitalized.
- Scholarships and fellowships applied to student accounts are shown as a reduction of student tuition and fees revenue, as opposed to being classified as financial aid expense.

The University restated fiscal year 2001 financial statements in accordance with the new reporting standards. Financial data for fiscal years prior to 2001 has not been restated and is therefore not comparable to the fiscal years presented below.

MANAGEMENT'S DISCUSSION OF OPERATIONAL AND FINANCIAL PERFORMANCE

Operating Revenues. 2002-2003. Total operating revenues increased by \$48.6 million or 12.4% from the prior fiscal year. The increase resulted from growth in student tuition and fee revenue and in federal grant and contract revenue which expanded by \$21.7 million and \$20.1 million, respectively. The rise in student tuition and fees was expected given the 9.0% increase in both in-state and out-of-state tuition rates for the Fall 2002 semester and the additional \$400.00 per student tuition increase for Spring 2003. The tuition assessment allowed the University to partially offset additional state appropriation reductions. Without these fee increases the funding cuts would have resulted in additional layoffs and more extensive program cuts. A large part of the growth in federal grant and contract revenue was directly related to funding received for grants and contracts through the Virginia Bioinformatics Institute. The institute's federal revenues grew by over \$4.6 million from the prior fiscal year. The remaining increase in federal funding was spread through various areas of the University. These increases can be attributed to the University's push to become a "top 30" research institution by 2010. Overall, the University's operating revenue increased to \$442.1 million in fiscal year 2003, compared to \$393.5 million in fiscal year 2002.

Operating Revenues. 2001-2002. Total operating revenues increased by \$29.0 million or 8.0% from the prior fiscal year. Every category of grants and contracts revenue experienced growth during fiscal year 2002. The

largest increases were in the federal and the nongovernmental grants and contracts categories. Federal grant and contract revenue totaled \$87.3 million, representing an increase of over \$10.8 million or 14.1% from the prior fiscal year. A large part of the growth in federal grant and contract revenue was directly related to funding received for grants and contracts through the Virginia Tech Transportation Institute. Nongovernmental grants and contracts increased by \$3.1 million from fiscal year 2001 levels to \$21.6 million. The majority of the rise in this area was due to growth in the Virginia Bioinformatics Institute. Student tuition and fees, net of scholarship allowances, also increased by \$7.2 million or 5.5% in fiscal year 2002. Some of this growth can be attributed to an increase in tuition for out-of-state students and a slight increase in enrollment over the prior fiscal year. Overall, the University's operating revenue increased to \$393.5 million in fiscal year 2002, compared to \$364.5 million in fiscal year 2001.

Non-Operating and Other Revenues. 2002-2003. Non-operating revenue decreased by over \$33 million from the previous year's total. Due to ongoing economic challenges and their impact on state tax revenues, the University expects to sustain \$72.5 million in reductions in University state appropriations by the end of the fiscal year 2004 since the fiscal year 2001. The decline in state appropriations revenue was partially offset by modest increases in gift and investment income resulting in net non-operating revenues of \$252.8 million.

Capital revenues increased by \$32.5 million. This growth was due to a \$15.0 million increase in capital appropriations revenue and a \$19.8 million increase in capital grants and gifts revenue. The rise in capital appropriations resulted from funding received from the Commonwealth through its 21st Century College Program. The program allows the Virginia College Building Authority to issue debt and distribute the proceeds to institutions of higher education to finance specified capital projects. This financing is the debt of the Commonwealth, not the University, and the proceeds are allocated to Virginia Tech as non-general fund appropriations. The growth in capital grants and gifts was primarily due to the donation of the Fort Pickett property from the federal government. The donation was valued at over \$14 million.

Total revenues increased at a rate greater than total expenses, resulting in an increase to net assets of \$57.2 in fiscal year 2003, up from \$7.4 million in fiscal year 2002. As noted in the Statement of Net Assets analysis, the majority of the growth in net assets occurred in the invested in capital assets, net of related debt, category which increased by \$42.3 million.

Non-Operating and Other Revenues. 2001-2002. Non-operating income decreased by over \$15 million from the previous year's total. Due to the recent recession and its impact on state tax revenues, the University's state appropriations were reduced by \$10.6 million to \$252.4 million in fiscal year 2002. Additionally, the economy affected investment income which declined by \$3 million from the prior year due to losses and reduced interest earnings. Capital revenues gained \$24.6 million. This category is composed of capital appropriations and reversions, capital gifts and grants, and gains or losses on the disposal of capital assets. In fiscal year 2001 the governor placed a moratorium on the spending of general funds for capital outlay projects resulting in a reversion of \$33.7 million to the Commonwealth. The Commonwealth issued the VCBA Bonds through Virginia College Building Authority to replace most of these general funds in fiscal year 2002. This financing is the debt of the Commonwealth, not the University, and the proceeds are being allocated to the University as non-general fund appropriations to partially replace the reverted general funds. The remainder of the reverted funds will be made available to the University in fiscal year 2003.

Total revenues increased at a rate greater than total expenses, resulting in an increase to net assets of \$7.4 million in fiscal year 2002, up from \$0.8 million in fiscal year 2001.

Total Expenses. 2002-2003. The University is committed to recruiting and retaining outstanding faculty and staff. The personnel compensation package is one way to successfully compete with peer institutions and nonacademic employers. The natural expense category, compensation and benefits, comprises 65.6% of the University's total operating expenses. The Commonwealth provides merit based or across-the-board salary increases on a periodic basis; however, economic conditions during fiscal year 2003 did not accommodate such increases.

Continued statewide economic uncertainty resulted in significant reductions of state appropriations to the University. These reductions forced the University to implement strategic cost containment measures. These measures included programmatic changes, workforce reductions, and cuts in discretionary spending.

Operating expenses for fiscal year 2003 totaled \$694.6 million, down \$1.9 million from fiscal year 2002. The net decrease was the result of offsetting variances. The largest reductions were noted in the instruction and public service expense categories which dropped by \$5.5 million and \$9.6 million, respectively. These decreases were the direct result of the cost containment measures implemented to meet the state appropriation reductions noted above. These reductions are also discussed in the Operating and Non-Operating Revenues analysis. Other areas experiencing decreases included institutional support (\$2.0 million) and operations and maintenance of plant (\$2.1 million). The largest operating expense increase occurred in the research area, which grew by \$13.9 million. The Virginia Bioinformatics Institute experienced the most significant expansion over the prior fiscal year. Of the \$13.9 million increase in research expenses, over \$8.0 million was generated by the institute. Auxiliary expenses also went up by \$3.4 million or 4.0% with the majority of the increase attributable to the Athletics Auxiliary.

The University's operating revenues increased while operating expenses dropped resulting in the operating loss decreasing by \$50.5 million over the previous fiscal year. The primary reasons for the drop in the operating loss were the growth in tuition and fee revenue coupled with the operating expense reductions.

Total Expenses. 2001-2002. The University is committed to recruiting and retaining outstanding faculty and staff. The natural expense category, compensation and benefits, comprises 66% of the University's total operating expenses. The Commonwealth provides across-the-board salary increases on a periodic basis. During the biennium just completed, economic conditions of the Commonwealth did not accommodate such increases.

Statewide economic uncertainty resulted in significant reductions of state appropriations to the University. This forced the University to implement strategic and short-term cost containment measures. Short-term measures included reductions in discretionary spending, such as travel, the purchases of supplies, and other items. Strategic measures included programmatic changes and workforce reductions.

Operating expenses for fiscal year 2002 totaled \$696.5 million, up \$32 million over fiscal year 2001. The largest increase occurred in the research area, which grew by \$12.5 million. The growth occurred in various areas of the University. Areas experiencing significant expansion include the Virginia Tech Transportation Institute, the Virginia Bioinformatics Institute, the Department of Computer Science, and the Center for High Performance Manufacturing. The majority of the projects under these areas are directly connected to the research mission of the University. Instructional expenses also went up by \$10.5 million or 5.3%. Other areas experiencing increased operating expenses were public service and academic support, up \$5.3 million and \$4.7 million, respectively.

Operating revenues grew at a lesser pace than operating expenses resulting in the University's operating loss increasing by \$3 million over the previous fiscal year. The primary reason for the increase in the operating loss was the accrued liability for severance costs mentioned in the Statement of Net Assets discussion. These accrued expenses will not be paid, nor will the corresponding general fund appropriations and other operating revenue sources be made available until fiscal year 2003. Furthermore, since the University accrued the expenses, but could not accrue the corresponding appropriation and other revenues, there was a decrease in unrestricted net assets.

Statement of Net Assets. 2002-2003. Total University assets increased by \$91.5 million or 11.9% during fiscal year 2003, bringing the total to \$861.2 million at year-end. Almost 65% of the growth was directly related to a net increase of \$58.9 million in capital assets, discussed in the next section of this analysis. Current assets also rose by \$19.3 million over the prior year. This increase was due to a \$21.4 million rise in current cash and cash equivalents. Revenue generated by non-revertible fund sources, such as facilities and administrative (indirect) cost recoveries and sales and services of auxiliary enterprises, is the primary reason for the growth in cash and cash equivalents. Facilities and administrative (indirect) cost recoveries rose by over \$4.2 million as a result of the upward trend in sponsored program activity the University experienced over the past fiscal year. Auxiliary enterprise cash and cash equivalents balances have increased as a result of revenues generated from ticket sales

related to the south end zone expansion project of Lane Stadium, the assessment of the athletic capital fee, and collections from the University's pouring rights contract. The additional cash generated by the Athletic Auxiliary will be used to cover future years' debt service cost related to the expansion. Minimal decreases in accounts receivable and in the amount due from the Commonwealth of Virginia, \$1.7 million and \$1.5 million, respectively, partially offset the growth noted in current cash and cash equivalents.

Total University liabilities increased by \$34.3 million or 10.7% during fiscal year 2003. Much of this increase in total liabilities can be attributed to a net increase in non-current liabilities of \$25.8 million. This change is discussed in the Capital Asset and Debt Administration section. Current liabilities had a net increase of \$8.5 million over the previous year due to growth in accounts payable and accrued liabilities. The \$13.0 million rise in accounts payable and accrued liabilities is due to an increase in accrued severance expense payable and in general accounts payable. Accrued severance expense payable grew from \$7.1 million in 2002 to \$14.0 million in 2003. This severance liability is the result of University employees being laid off on or before the end of fiscal year 2003 to meet the reductions in state general fund appropriations from the Commonwealth. Not all of these layoffs were involuntary. Under certain conditions, employees could elect to be laid off in place of employees originally targeted. Laid off employees could convert their severance pay to retirement contributions under the provisions of the Alternative Severance Options. Severance payments converted to retirement contributions were to be paid to the Virginia Retirement System (VRS) within 12 months of the retirement date. The University elected to pay \$6.7 million of the amount due to the VRS at the beginning of fiscal year 2004. The remaining liability is a result of employees with retirement dates during fiscal year 2003 with the liability to be paid over the next 12 months. General accounts payable also grew by about \$7.0 million over the past year. This growth was primarily due to an increase in payables to subcontractors under sponsored program agreements and an increase in capital project payables. The expansion noted previously was partially offset by a \$5.5 million decrease in deferred revenue. Tobacco Indemnification Commission funds available in the prior fiscal year were spent in fiscal year 2003 resulting in the decrease in deferred revenue.

Total assets grew by a greater margin than total liabilities with the University's net assets increasing by a corresponding amount of \$57.2 million. This amount represents substantial growth from the \$7.4 million increase experienced in fiscal year 2002. Invested in capital assets, net of related debt, accounted for \$42.3 million of the increase in the current fiscal year.

Statement of Net Assets. 2001-2002. The total assets of the University increased by \$37.1 million or 5.1% during fiscal year 2002, bringing total assets to \$769.7 million at year-end. Almost 80% of the growth was directly related to a net increase of \$29.3 million in capital assets. Current assets also increased by \$10.6 million over the prior year. This growth was due largely to the \$12 million rise in current cash and cash equivalents. An increase in football season ticket sales by the athletic auxiliary due to completion of construction of the south end zone expansion project of Lane Stadium and an increase in Tobacco Indemnification Commission funds available at year-end are the main contributors to the growth. A \$2.9 million decrease in the amount due from the Commonwealth of Virginia partially offset the growth noted in current cash and cash equivalents. This decrease can be linked to a change in the timing of reimbursements received by the University for the fiscal year 2002 allocation from the State Council on Higher Education's Equipment Trust Fund (ETF) Program. This program was established to provide funding to public institutions of higher education in the Commonwealth of Virginia for the acquisition and replacement of equipment critical to their instruction and research missions. ETF program funds accounted for over \$7.9 million of the \$30.4 million in equipment purchased during the fiscal year.

The total liabilities of the University increased by \$29.7 million or 10.2% during fiscal year 2002. Much of this increase in total liabilities can be attributed to a net increase in non-current liabilities of \$17.2 million. Current liabilities had a net increase of \$12.5 million over the previous year due to growth in deferred revenue and accounts payable. The \$7.1 million rise in deferred revenue is due primarily to the increase in season ticket sales resulting from the stadium expansion. The \$10 million increase in accounts payable is directly related to the University's liability of \$7.1 million in severance pay as a result of University employees being laid off on or before the end of fiscal year 2002. Not all of these layoffs were involuntary. Under certain conditions, employees could elect to be laid off in place of employees originally targeted. Laid off employees could convert their severance pay to

retirement contributions under the provisions of the Alternative Severance Option. These layoffs were part of the cut-backs necessary to meet initial reductions in state general fund appropriations from the Commonwealth.

Total assets grew by a greater margin than total liabilities with the University's net assets increasing by a corresponding amount of \$7.4 million. This amount represents growth from the \$0.8 million increase experienced in fiscal year 2001.

Tuition and Financial Assistance. Tuition, room and board charges and fees at the University for the academic years 1999-00 through 2003-04 are as follows:

Tuition and Fees					
<u>Academic Year</u>					
	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03*</u>	<u>2003-04</u>
Undergraduate					
Residents	\$2,792	\$2,792	\$2,792	\$3,844	\$4,190
Nonresidents	11,016	11,280	11,616	13,460	14,074
Graduate – On Campus					
Residents	4,122	4,221	4,347	5,539	6,039
Nonresidents	6,930	7,101	7,317	8,774	9,708
Graduate – Off Campus					
Residents	4,626	4,734	4,878	6,119	6,703
Nonresidents	7,488	7,668	7,902	9,413	10,347
Room	1,838	1,936	2,008	2,058	2,064
Board	1,942	2,018	1,964	2,012	2,020
Fees**	828	848	872	892	905/955

* In Spring 2003, tuition for the fiscal year 2002-03 increased by \$400 per semester. The amounts in the table above reflect annualization of the increased Spring 2003 rate.

** Fees include the Student Activity fee, Student Health Service fee, Athletic fee, Hokie Passport Fee, Recreational Sports fee, Bus fee, and Technology fee. Starting in 2003-04, out-of-state students were charged an additional \$50 for capital fee.

Numerous scholarships and other types of financial aid are available for students at the University. Approximately 9,112 students received need-based financial aid during the fiscal year 2002-03. The University offers assistance to students in the form of grants, loans and employment. During the fiscal year 2002-03, approximately 19,829 students received some form of financial assistance. The University is an eligible institution under numerous Commonwealth and Federal student aid programs. A summary of financial aid for fiscal years 1998-99 through 2002-03 is shown in the following table:

Financial Aid					
<i>(\$ in Millions)</i>					
<u>Type</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
Loans	\$75.8	\$76.8	\$80.1	\$77.0	\$82.2
Grants	63.2	63.3	61.4	56.7	58.7
Employment	<u>37.2</u>	<u>39.6</u>	<u>40.5</u>	<u>45.7</u>	<u>46.2</u>
Total	<u>\$176.2</u>	<u>\$179.7</u>	<u>\$182</u>	<u>\$179.4</u>	<u>\$187.1</u>

**RESOLUTION TO ENDORSE THE CONVERSION OF WPI
TO A FOR-PROFIT CORPORATION**

WPI was established in 1989 as a not-for-profit university related corporation providing environmental policy services to the government and private sector. Since its establishment, WPI has had only two major clients – the U.S. Department of Energy (DOE) and the U.S. Air Force Center for Environmental Excellence. These contracts are no longer viable revenue sources.

WPI's current business model is ineffective in today's marketplace. Specifically, WPI's "not-for-profit" status has little market value and its size has significant disadvantages. WPI is too small to compete for major contracts. Yet, WPI currently cannot qualify as a small business (<\$6M/year in revenues) because it is a non-profit organization. Furthermore, WPI is not attractive to large corporations as a teaming partner, since it would not help them meet their small business contracting goals. The trend in Federal government contracting is the preference for small business organizations, especially within DOE and the Department of Defense (DOD). WPI's affiliation with Virginia Tech has value in regard to financial stability and sustainability to complete contracts. It would be within WPI's best interest to retain a financial relationship with Virginia Tech.

The Board of Directors of WPI has requested the Board of Visitors to endorse its plan to take actions necessary to accomplish the conversion of WPI to a for-profit corporation to enable it to better compete in the marketplace.

RESOLUTION TO ENDORSE THE CONVERSION OF WPI TO A FOR-PROFIT CORPORATION

WHEREAS, WPI was established in 1989 as a not-for-profit university related corporation providing environmental policy services to government and the private sector; and,

WHEREAS, over the past three years the nature of the marketplace has changed to favor qualifying small business organizations in the award of government contracts; and,

WHEREAS, the Board of Directors of WPI has, after careful review, determined that establishing WPI as a qualifying small business will be necessary to effectively compete in the marketplace; and,

WHEREAS, the Board of Directors of WPI has requested the Board of Visitors support its decision to take the following actions to accomplish these purposes;

NOW, THEREFORE, BE IT RESOLVED that the Board of Visitors:

1. supports the decision of the WPI Board of Directors to approve the filing of the Articles of Amendment to the WPI Articles of Incorporation to convert WPI from a non-stock to a stock corporation;
2. terminates the Affiliation Agreement with acknowledgement that Virginia Tech is exchanging Virginia Tech's 100% directorship interest in WPI, with all rights and powers of a director, for 100% of the WPI stock issued to Virginia Tech Foundation, Inc.;
3. authorizes the Executive Vice President and Chief Operating Officer to take all actions, including execution and delivery of all documents, necessary by the university to assist in the conversion of WPI from a non-stock corporation to a stock corporation.

RECOMMENDATION

That the above resolution supporting the decision by WPI's Board of Directors to file Articles of Amendment to the WPI Articles of Incorporation, authorizing the termination of the Affiliation Agreement and ownership exchange, and authorizing the Executive Vice President and Chief Operating Officer to take actions necessary to assist in the conversion of WPI to a stock corporation be approved.

March 29, 2004

**MINUTES
STUDENT AFFAIRS COMMITTEE OF THE BOARD OF VISITORS**

**Conference Room C
Donaldson Brown Hotel & Conference Center
9:00 a.m.
March 29, 2004**

Present: Mr. T. Rodman Layman, Chair
Mr. Michael Anzilotti
Mr. Allan Bradley
Ms. Myrna Callison
Mr. L. Bruce Holland
Mr. John Rocovich, Rector

Visitors: Maj. Gen. Jerrold Allen, Ms. Nicki Cantrell, Dr. Landrum Cross, Ms. Susan Dickerson, Mr. Chris Helms, Ms. Rosa Jones, Dr. David Ostroth, Mr. Andrew Painter, Ms. Kimberly Philpott, Ms. Donna Sanzenbach, Mr. Steve Schneiter, Dr. Edward Spencer, Dr. Brian Warren, Mr. James Weaver, Mr. Joey Wilkerson

1. **Opening remarks and approval of November 3, 2003, minutes.** Mr. T. Rodman Layman, Chair, welcomed everyone to the meeting and asked those present to introduce themselves. The minutes of the November 3 Student Affairs Committee meeting were submitted to the committee for review and approval. The minutes were approved as written.
2. **Athletic Department Quarterly Report.** Mr. James Weaver, Athletic Director, provided the quarterly report on the Athletic Department. Mr. Weaver was joined by Mr. Christopher Helms, Director of the Student Athlete Academic Support Services (SAASS). Mr. Helms briefed the committee on the SAASS mission and programs, which are designed to enhance student athletes' educational experience. The SAASS office will be moving from Cassell Coliseum to the Lane Stadium West Side expansion. The completion goal for the West Side expansion is fall 2005. In addition to the SAASS office, the new academic level of the stadium will include the Athletics Office of Student Life and several new academic facilities, such as staff offices, tutor rooms, computer labs, state of the art classroom, reading/study rooms, conference room, and a reference library. Mr. Helms shared the NCAA Graduation Rates Report for 2001-2008 and compared Virginia Tech graduation rates to other

schools in the Atlantic Coast Conference. Mr. Weaver announced a career fair for student athletes to be held on April 5 in Cassell Coliseum.

3. **Status Report on the Corps of Cadets.** Maj. Gen. Jerrold Allen, Commandant of Cadets, updated the committee on issues involving the Corps of Cadets. Highlights included the following: Corps enrollment for this year is 760, the largest since 1969. The Corps leadership practicum, Management 2944, now earns cadets one credit each semester. This course includes the Leaders in Action lecture series, Cadet Leader School, the Cutchins Distinguished Lecture, honor and ethics training, and drill and ceremonies planning and execution.
4. **Student Organization Structure.** As a follow-up to the November meeting, Dr. David Ostroth, Associate Vice President for Student Affairs, briefed the committee on the types of student organizations at Virginia Tech and the structure of student life governance. The Commission on Student Affairs (CSA) is the key agency to represent students within university governance, and both the Student Government Association and the Graduate Student Assembly have important roles in CSA. Both student representatives to the Board have CSA seats. The CSA also oversees Student Activity Fee fund allocations to student groups through its subcommittee, the Student Budget Board, and two funding committees managed by the SGA and the GSA.

The presentation on student organizations led to a discussion between the committee and the two student representatives to the Board as to whether we should eliminate the selection process for student representatives, instead making the presidents of the Student Government Association and the Graduate Student Assembly the *ex officio* student representatives. The student representatives feel the selection process should be kept in place because it opens the process to all students and allows a diverse pool of applicants. The general consensus among the committee was that the current selection process is working well and no changes should be made at this time.

5. **Adjournment.**

There being no further business, the meeting adjourned at 10:56 a.m.

**VIRGINIA TECH SPRING SEMESTER ON-CAMPUS ENROLLMENTS BY YEAR
FRESHMEN**

<u>COLLEGE</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
AGRICULTURE AND LIFE SCIENCES*										
MEN	86	113	123	88	87	75	49	51	53	70
WOMEN	149	178	187	159	143	128	124	125	100	170
TOTAL	235	291	310	247	230	203	173	176	153	240
ARCHITECTURE AND URBAN STUDIES*										
MEN	85	114	115	103	109	114	96	98	96	80
WOMEN	41	61	50	42	42	69	53	48	81	84
TOTAL	126	175	165	145	151	183	149	146	177	164
BUSINESS*										
MEN	283	322	421	376	410	332	305	351	334	339
WOMEN	232	272	275	223	272	224	237	236	262	231
TOTAL	515	594	696	599	682	556	542	587	596	570
ENGINEERING*										
MEN	563	507	1032	965	940	912	739	743	673	878
WOMEN	103	119	204	175	172	156	151	166	125	137
TOTAL	666	626	1236	1140	1112	1068	890	909	798	1015
INTERDISCIPLINARY										
MEN	587	750	507	418	398	476	478	662	584	624
WOMEN	339	429	432	341	350	386	401	422	380	400
TOTAL	926	1179	939	759	748	862	879	1084	964	1024
LIBERAL ARTS AND HUMAN SCIENCES**										
MEN	0	0	0	0	0	0	0	0	0	161
WOMEN	0	0	0	0	0	0	0	0	0	338
TOTAL	0	0	0	0	0	0	0	0	0	499
NATURAL RESOURCES*										
MEN	85	100	77	64	49	41	43	46	47	40
WOMEN	53	46	51	32	38	21	35	20	23	26
TOTAL	138	146	128	96	87	62	78	66	70	66
SCIENCE**										
MEN	0	0	0	0	0	0	0	0	0	201
WOMEN	0	0	0	0	0	0	0	0	0	354
TOTAL	0	0	0	0	0	0	0	0	0	555
UNIVERSITY TOTALS										
MEN	2195	2521	2953	2613	2626	2562	2324	2559	2292	2393
WOMEN	1767	1930	2079	1748	1876	1804	1861	1787	1653	1740
TOTAL	3962	4451	5032	4361	4502	4366	4185	4346	3945	4133

* Effective Fall 2003, includes addition of academic departments as a result of University restructuring.

**Effective Fall 2003, University restructuring results in creation of Liberal Arts and Human Sciences [formerly known as Human Sciences and Education] and College of Science [formerly known as Arts and Sciences].

**VIRGINIA TECH SPRING SEMESTER ON-CAMPUS ENROLLMENTS BY YEAR
SOPHOMORES**

<u>COLLEGE</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
AGRICULTURE AND LIFE SCIENCES*										
MEN	119	111	120	127	99	79	91	73	69	101
WOMEN	131	154	168	183	149	143	121	133	150	206
TOTAL	250	265	288	310	248	222	212	206	219	307
ARCHITECTURE AND URBAN STUDIES*										
MEN	115	131	132	141	133	148	147	132	169	140
WOMEN	49	59	67	65	64	63	80	79	144	127
TOTAL	164	190	199	206	197	211	227	211	313	267
BUSINESS*										
MEN	314	347	398	509	422	494	453	398	463	436
WOMEN	197	260	300	294	267	326	284	282	299	325
TOTAL	511	607	698	803	689	820	737	680	762	761
ENGINEERING*										
MEN	759	686	831	931	874	845	884	844	876	1027
WOMEN	135	128	168	172	159	181	152	149	177	146
TOTAL	894	814	999	1103	1033	1026	1036	993	1053	1173
INTERDISCIPLINARY										
MEN	278	283	215	220	212	217	277	286	329	336
WOMEN	130	150	142	169	121	154	180	170	153	153
TOTAL	408	433	357	389	333	371	457	456	482	489
LIBERAL ARTS AND HUMAN SCIENCES**										
MEN	0	0	0	0	0	0	0	0	0	279
WOMEN	0	0	0	0	0	0	0	0	0	503
TOTAL	0	0	0	0	0	0	0	0	0	782
NATURAL RESOURCES*										
MEN	122	90	102	85	86	71	64	61	69	73
WOMEN	61	64	49	63	36	46	27	46	25	30
TOTAL	183	154	151	148	122	117	91	107	94	103
SCIENCE**										
MEN	0	0	0	0	0	0	0	0	0	275
WOMEN	0	0	0	0	0	0	0	0	0	418
TOTAL	0	0	0	0	0	0	0	0	0	693
UNIVERSITY TOTALS										
MEN	2415	2307	2603	2880	2610	2674	2741	2599	2815	2667
WOMEN	1748	1839	1968	2084	1797	1960	1892	1997	1981	1908
TOTAL	4163	4146	4571	4964	4407	4634	4633	4596	4796	4575

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**Effective Fall 2003, University restructuring results in creation of Liberal Arts and Human Sciences [formerly known as Human Sciences and Education] and College of Science [formerly known as Arts and Sciences].

**VIRGINIA TECH SPRING SEMESTER ON-CAMPUS ENROLLMENTS BY YEAR
JUNIORS**

<u>COLLEGE</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
AGRICULTURE AND LIFE SCIENCES*										
MEN	148	166	145	144	139	124	91	99	94	138
WOMEN	126	147	176	164	182	169	138	134	126	269
TOTAL	274	313	321	308	321	293	229	233	220	407
ARCHITECTURE AND URBAN STUDIES*										
MEN	127	145	120	151	144	133	149	171	195	189
WOMEN	45	52	51	60	74	70	65	72	144	151
TOTAL	172	197	171	211	218	203	214	243	339	340
BUSINESS*										
MEN	357	388	395	445	595	533	591	617	554	574
WOMEN	208	247	271	305	322	304	342	346	346	309
TOTAL	565	635	666	750	917	837	933	963	900	883
ENGINEERING*										
MEN	846	885	756	770	900	789	781	828	798	1035
WOMEN	185	170	159	158	150	159	157	159	135	181
TOTAL	1031	1055	915	928	1050	948	938	987	933	1216
INTERDISCIPLINARY										
MEN	29	33	23	14	25	17	24	13	18	24
WOMEN	4	8	6	11	5	10	13	6	3	10
TOTAL	33	41	29	25	30	27	37	19	21	34
LIBERAL ARTS AND HUMAN SCIENCES**										
MEN	0	0	0	0	0	0	0	0	0	421
WOMEN	0	0	0	0	0	0	0	0	0	555
TOTAL	0	0	0	0	0	0	0	0	0	976
NATURAL RESOURCES*										
MEN	129	149	94	102	100	100	85	69	69	88
WOMEN	61	50	54	46	65	29	50	30	47	30
TOTAL	190	199	148	148	165	129	135	99	116	118
SCIENCE**										
MEN	0	0	0	0	0	0	0	0	0	314
WOMEN	0	0	0	0	0	0	0	0	0	380
TOTAL	0	0	0	0	0	0	0	0	0	694
UNIVERSITY TOTALS										
MEN	2614	2621	2341	2577	2921	2621	2653	2820	2629	2783
WOMEN	1810	1881	1798	1903	2010	1865	1876	1904	1947	1885
TOTAL	4424	4502	4139	4480	4931	4486	4529	4724	4576	4668

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**VIRGINIA TECH SPRING SEMESTER ON-CAMPUS ENROLLMENTS BY YEAR
SENIORS**

<u>COLLEGE</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
AGRICULTURE AND LIFE SCIENCES*										
MEN	175	174	178	216	192	183	171	133	128	164
WOMEN	138	137	184	201	210	251	227	197	191	323
TOTAL	313	311	362	417	402	434	398	330	319	487
ARCHITECTURE AND URBAN STUDIES*										
MEN	201	187	246	269	290	325	300	295	387	382
WOMEN	106	91	97	115	129	162	143	132	235	267
TOTAL	307	278	343	384	419	487	443	427	622	649
BUSINESS*										
MEN	396	374	468	520	583	785	795	814	887	827
WOMEN	275	205	262	341	399	422	422	486	547	520
TOTAL	671	579	730	861	982	1207	1217	1300	1434	1347
ENGINEERING*										
MEN	1103	1034	1165	1188	1232	1399	1299	1299	1302	1637
WOMEN	223	194	218	235	267	269	266	291	272	312
TOTAL	1326	1228	1383	1423	1499	1668	1565	1590	1574	1949
INTERDISCIPLINARY										
MEN	0	1	1	1	0	0	3	1	0	0
WOMEN	0	0	0	0	0	0	2	0	0	0
TOTAL	0	1	1	1	0	0	5	1	0	0
LIBERAL ARTS AND HUMAN SCIENCES**										
MEN	0	0	0	0	0	0	0	0	0	266
WOMEN	0	0	0	0	0	0	0	0	0	540
TOTAL	0	0	0	0	0	0	0	0	0	806
NATURAL RESOURCES*										
MEN	115	143	159	137	136	129	123	118	98	108
WOMEN	66	58	53	71	62	77	54	61	46	73
TOTAL	181	201	212	208	198	206	177	179	144	181
SCIENCE**										
MEN	0	0	0	0	0	0	0	0	0	369
WOMEN	0	0	0	0	0	0	0	0	0	484
TOTAL	0	0	0	0	0	0	0	0	0	853
UNIVERSITY TOTALS										
MEN	3045	2884	3211	3332	3587	4077	3868	3850	4035	3753
WOMEN	2012	1794	2067	2232	2402	2600	2444	2588	2603	2519
TOTAL	5057	4678	5278	5564	5989	6677	6312	6438	6638	6272

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**Effective Fall 2003, University restructuring results in creation of Liberal Arts and Human Sciences [formerly known as Human Sciences and Education] and College of Science [formerly known as Arts and Sciences].

**VIRGINIA TECH SPRING SEMESTER ON-CAMPUS ENROLLMENTS BY YEAR
TOTAL UNDERGRADUATES**

<u>COLLEGE</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
AGRICULTURE AND LIFE SCIENCES*										
MEN	530	567	568	576	519	463	404	358	345	473
WOMEN	551	626	724	714	689	699	612	591	570	969
TOTAL	1081	1193	1292	1290	1208	1162	1016	949	915	1442
ARCHITECTURE AND URBAN STUDIES*										
MEN	530	578	614	667	676	721	694	696	848	791
WOMEN	242	263	267	282	314	367	343	331	607	630
TOTAL	772	841	881	949	990	1088	1037	1027	1455	1421
BUSINESS*										
MEN	1356	1431	1684	1852	2014	2148	2147	2181	2241	2177
WOMEN	922	992	1112	1171	1271	1288	1292	1352	1455	1386
TOTAL	2278	2423	2796	3023	3285	3436	3439	3533	3696	3563
ENGINEERING*										
MEN	3275	3116	3792	3861	3951	3950	3713	3718	3653	4581
WOMEN	646	612	750	740	750	769	729	765	712	776
TOTAL	3921	3728	4542	4601	4701	4719	4442	4483	4365	5357
INTERDISCIPLINARY										
MEN	912	1081	756	666	654	719	788	967	939	1001
WOMEN	507	607	601	530	494	565	600	604	546	580
TOTAL	1419	1688	1357	1196	1148	1284	1388	1571	1485	1581
LIBERAL ARTS AND HUMAN SCIENCES**										
MEN	0	0	0	0	0	0	0	0	0	1388
WOMEN	0	0	0	0	0	0	0	0	0	2129
TOTAL	0	0	0	0	0	0	0	0	0	3517
NATURAL RESOURCES*										
MEN	451	487	433	393	377	346	319	295	284	309
WOMEN	245	219	211	213	203	174	169	157	141	159
TOTAL	696	706	644	606	580	520	488	452	425	468
SCIENCE**										
MEN	0	0	0	0	0	0	0	0	0	1163
WOMEN	0	0	0	0	0	0	0	0	0	1641
TOTAL	0	0	0	0	0	0	0	0	0	2804
UNIVERSITY TOTALS										
MEN	10325	10375	11149	11454	11808	11979	11642	11859	11799	11883
WOMEN	7424	7518	7983	8021	8173	8311	8144	8309	8229	8270
TOTAL	17749	17893	19132	19475	19981	20290	19786	20168	20028	20153

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**VIRGINIA TECH SPRING SEMESTER ON-CAMPUS ENROLLMENTS BY YEAR
ALL CLASSES AND TOTALS - AGRICULTURE TECHNOLOGY**

<u>COLLEGE</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
FIRST YEAR										
MEN	38	54	70	49	57	39	57	55	46	54
WOMEN	4	6	5	8	6	3	4	8	9	11
TOTAL	42	60	75	57	63	42	61	63	55	65
SECOND YEAR										
MEN	36	29	40	66	51	52	37	53	48	48
WOMEN	8	6	4	4	4	6	3	6	11	8
TOTAL	44	35	44	70	55	58	40	59	59	56
UNIVERSITY TOTALS										
MEN	74	83	110	115	108	91	94	108	94	102
WOMEN	12	12	9	12	10	9	7	14	20	19
TOTAL	86	95	119	127	118	100	101	122	114	121

**VIRGINIA TECH SPRING SEMESTER ON-CAMPUS ENROLLMENTS BY YEAR
TOTAL GRADUATES**

<u>COLLEGE</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
AGRICULTURE AND LIFE SCIENCES*										
MEN	171	143	144	131	125	113	120	122	111	120
WOMEN	89	99	97	93	96	97	113	122	117	146
TOTAL	260	242	241	224	221	210	233	244	228	266
ARCHITECTURE AND URBAN STUDIES*										
MEN	171	149	168	173	172	155	173	168	162	183
WOMEN	115	94	105	107	104	103	130	143	141	138
TOTAL	286	243	273	280	276	258	303	311	303	321
BUSINESS*										
MEN	224	226	231	206	183	172	147	131	163	173
WOMEN	124	111	112	105	111	127	120	99	121	108
TOTAL	348	337	343	311	294	299	267	230	284	281
ENGINEERING*										
MEN	1032	887	922	874	846	868	972	1022	1063	1183
WOMEN	171	181	188	167	168	173	197	218	240	264
TOTAL	1203	1068	1110	1041	1014	1041	1169	1240	1303	1447
INTERDISCIPLINARY										
MEN	1	1	0	0	0	0	75	6	16	38
WOMEN	0	0	0	0	0	0	44	3	11	15
TOTAL	1	1	0	0	0	0	119	9	27	53
LIBERAL ARTS AND HUMAN SCIENCES**										
MEN	0	0	0	0	0	0	0	0	0	266
WOMEN	0	0	0	0	0	0	0	0	0	540
TOTAL	0	0	0	0	0	0	0	0	0	806
NATURAL RESOURCES*										
MEN	92	82	84	98	93	87	87	82	69	74
WOMEN	27	26	35	43	37	33	39	39	36	35
TOTAL	119	108	119	141	130	120	126	121	105	109
SCIENCE**										
MEN	0	0	0	0	0	0	0	0	0	304
WOMEN	0	0	0	0	0	0	0	0	0	196
TOTAL	0	0	0	0	0	0	0	0	0	500
VETERINARY MEDICINE GRAD. & PH.D.										
MEN	14	22	30	32	35	30	36	28	30	29
WOMEN	23	22	19	28	37	46	48	45	48	42
TOTAL	37	44	49	60	72	76	84	73	78	71
UNIVERSITY TOTALS										
MEN	2487	2191	2323	2285	2181	2114	2391	2361	2358	2370
WOMEN	1469	1329	1367	1327	1307	1289	1503	1557	1563	1484
TOTAL	3956	3520	3690	3612	3488	3403	3894	3918	3921	3854

* Effective Fall 2003, includes addition of academic departments as a result of University restructuring.

**Effective Fall 2003, University restructuring results in creation of Liberal Arts and Human Sciences [formerly known as Human Sciences and Education] and College of Science [formerly known as Arts and Sciences].

**VIRGINIA TECH SPRING SEMESTER ON-CAMPUS ENROLLMENTS BY YEAR
ALL CLASSES AND TOTALS - VETERINARY MEDICINE**

<u>COLLEGE</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
VETERINARY MEDICINE – FIRST YEAR										
MEN	19	24	27	22	20	21	22	12	28	17
WOMEN	59	57	61	68	67	69	70	77	62	73
TOTAL	78	81	88	90	87	90	92	89	90	90
VETERINARY MEDICINE – SECOND YEAR										
MEN	25	18	24	28	22	20	19	20	12	26
WOMEN	59	59	55	60	68	65	69	71	76	63
TOTAL	84	77	79	88	90	85	88	91	88	89
VETERINARY MEDICINE – THIRD YEAR										
MEN	22	24	19	24	28	21	20	21	20	12
WOMEN	56	56	62	57	59	67	65	68	71	75
TOTAL	78	80	81	81	87	88	85	89	91	87
VETERINARY MEDICINE – FOURTH YEAR										
MEN	18	19	25	19	24	28	22	21	19	20
WOMEN	57	51	54	62	56	60	65	64	68	72
TOTAL	75	70	79	81	80	88	87	85	87	92
UNIVERSITY TOTALS										
MEN	84	85	95	93	94	90	83	74	79	75
WOMEN	231	223	232	247	250	261	269	280	277	283
TOTAL	315	308	327	340	344	351	352	354	356	358

**VIRGINIA TECH SPRING SEMESTER ON-CAMPUS ENROLLMENTS BY YEAR
TOTAL UNIVERSITY STUDENTS**

<u>COLLEGE</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
AGRICULTURE AND LIFE SCIENCES*										
MEN	775	793	822	822	752	667	618	588	550	695
WOMEN	652	737	830	819	795	805	732	727	707	1134
TOTAL	1427	1530	1652	1641	1547	1472	1350	1315	1257	1829
ARCHITECTURE AND URBAN STUDIES*										
MEN	701	727	782	840	848	876	867	864	1010	974
WOMEN	357	357	372	389	418	470	473	474	748	768
TOTAL	1058	1084	1154	1229	1266	1346	1340	1338	1758	1742
BUSINESS*										
MEN	1580	1657	1915	2058	2197	2320	2294	2312	2404	2350
WOMEN	1046	1103	1224	1276	1382	1415	1412	1451	1576	1494
TOTAL	2626	2760	3139	3334	3579	3735	3706	3763	3980	3844
ENGINEERING*										
MEN	4307	4003	4714	4735	4797	4818	4685	4740	4716	5764
WOMEN	817	793	938	907	918	942	926	983	952	1040
TOTAL	5124	4796	5652	5642	5715	5760	5611	5723	5668	6804
INTERDISCIPLINARY										
MEN	913	1082	756	666	654	719	863	973	955	1039
WOMEN	507	607	601	530	494	565	644	607	557	595
TOTAL	1420	1689	1357	1196	1148	1284	1507	1580	1512	1634
LIBERAL ARTS AND HUMAN SCIENCES**										
MEN	0	0	0	0	0	0	0	0	0	1654
WOMEN	0	0	0	0	0	0	0	0	0	2669
TOTAL	0	0	0	0	0	0	0	0	0	4323
NATURAL RESOURCES*										
MEN	543	569	517	491	470	433	406	377	353	383
WOMEN	272	245	246	256	240	207	208	196	177	194
TOTAL	815	814	763	747	710	640	614	573	530	577
SCIENCE**										
MEN	0	0	0	0	0	0	0	0	0	1467
WOMEN	0	0	0	0	0	0	0	0	0	1837
TOTAL	0	0	0	0	0	0	0	0	0	3304
VETERINARY MEDICINE										
MEN	98	107	125	125	129	120	119	102	109	104
WOMEN	254	245	251	275	287	307	317	325	325	325
TOTAL	352	352	376	400	416	427	436	427	434	429
UNIVERSITY TOTALS										
MEN	12970	12734	13677	13947	14191	14274	14210	14402	14330	14430
WOMEN	9136	9082	9591	9607	9740	9870	9923	10160	10089	10056
TOTAL	22106	21816	23268	23554	23931	24144	24133	24562	24419	24486

* Effective Fall 2003, includes addition of academic departments as a result of University restructuring.

**Effective Fall 2003, University restructuring results in creation of Liberal Arts and Human Sciences [formerly known as Human Sciences and Education] and College of Science [formerly known as Arts and Sciences].

RESOLUTION FOR EMERITUS STATUS
March 29, 2004

WHEREAS, Dr. Donald C. S. Allison faithfully served Virginia Tech for 23 years in the College of Arts & Sciences, beginning in 1979; and

WHEREAS, as a member of the faculty in the Department of Computer Science, he was a dedicated teacher with particular emphasis on courses in the theory of computation, analysis of algorithms, and numerical methods, and he advised and counseled numerous undergraduate and graduate students during his career, serving as the graduate advisor for 26 master's students and 3 doctoral students; and

WHEREAS, he provided exceptional leadership to the university and the Department of Computer Science as Department Head for 11 years; and

WHEREAS, he contributed to the development of the field of computer science in the areas of computational geometry, algorithms, numerical methods, and computer science education through his authorship of 3 books and over 40 refereed journal and conference papers; he served the profession as an evaluator or team chair and commissioner for the Computer Sciences Accreditation Board for over 10 years; and he served in a number of international professional technical societies;

THEREFORE, be it resolved that the Board of Visitors recognizes Dr. Donald C. S. Allison for his service to the university with the title of Professor Emeritus of Computer Science.

RECOMMENDATION:

That the above resolution recommending Dr. Donald C. S. Allison for emeritus status be approved.

RESOLUTION FOR EMERITUS STATUS
March 29, 2004

WHEREAS, Dr. James O. Glanville faithfully served Virginia Tech for 18 years in the College of Science, beginning in 1986; and

WHEREAS, as a member of the faculty in the Department of Chemistry, he was a dedicated teacher of General Chemistry for entering freshmen; he advised and counseled numerous undergraduate students of all majors during his career, serving as the breakfast and luncheon host for large numbers of his students each semester; he administered, supervised and directed the entire General Chemistry lecture and laboratory courses for approximately 15 years; and he personally taught over 15,000 students; and

WHEREAS, he provided invaluable local and national leadership in the development of a unique one-semester Engineering General Chemistry course, thereby defining the national curriculum for all engineering students; and

WHEREAS, he authored and produced the first textbook totally designed for engineering students in General Chemistry;

THEREFORE, be it resolved that the Board of Visitors recognizes Dr. James O. Glanville for his service to the university with the title of Associate Professor Emeritus of Chemistry.

RECOMMENDATION:

That the above resolution recommending Dr. James O. Glanville for emeritus status be approved.

RESOLUTION FOR EMERITUS STATUS
March 29, 2004

WHEREAS, Dr. H. Rex Hartson faithfully served Virginia Tech for 26 years in the College of Arts & Sciences, beginning in 1976; and

WHEREAS, as a member of the faculty in the Department of Computer Science, he was a dedicated teacher of a wide range of courses, and he advised and counseled numerous undergraduate and graduate students during his career, serving as the graduate advisor for 25 master's and 14 doctoral students; and

WHEREAS, he was a pioneer in Human-Computer Interaction as a field and in Usability Engineering as a sub-discipline, and he was the founding faculty member of Human-Computer Interaction in the Computer Science Department at Virginia Tech; and

WHEREAS, he made contributions to the research areas of database management, data security, human-computer interaction, usability engineering, usability methods and tools, integration of usability engineering with software engineering, and the user interaction development process; and

WHEREAS, he authored at least 70 publications, he edited or co-edited 4 books, he co-authored the first book to emphasize the usability engineering process, he presented over 70 tutorials, invited lectures, workshops, and seminars internationally, and he was principal or co-principal investigator on research grants totaling over \$6,800,000 since 1980; and he served in a number of international professional technical societies, including serving as a senior member of the Institute of Electronic and Electrical Engineers;

THEREFORE, be it resolved that the Board of Visitors recognizes Dr. H. Rex Hartson for his service to the university with the title of Professor Emeritus of Computer Science.

RECOMMENDATION:

That the above resolution recommending Dr. H. Rex Hartson for emeritus status be approved.

RESOLUTION FOR EMERITA STATUS

March 29, 2004

WHEREAS, Dr. Sallie M. Henry faithfully served Virginia Tech for 19 years in the College of Arts & Sciences, beginning in 1984; and

WHEREAS, as a member of the faculty in the Department of Computer Science, she was a dedicated teacher with particular emphasis on courses in software engineering and operating systems, and the coach and advisor for the Virginia Tech programming team; and

WHEREAS, under her guidance, the Virginia Tech programming team finished first or second in fifteen annual regional competitions, placed in the top ten teams in seven, and in the top twenty teams in fifteen annual international competitions, and was the first winner of the North American trophy; and

WHEREAS, she was the principal or co-principal investigator on research and equipment grants, and research contracts; and

WHEREAS, she contributed to the development of the field of computer science in the areas of software engineering, software complexity metrics, and the analysis of programming teams through her authorship of over 60 refereed journal and conference papers; and

WHEREAS, she served in a number of international professional technical societies, and she received the Award of Excellence from Association for Computing Machinery for her contribution to the International Computer Programming Competition;

THEREFORE, be it resolved that the Board of Visitors recognizes Dr. Sallie M. Henry for her service to the university with the title of Associate Professor Emerita of Computer Science.

RECOMMENDATION:

That the above resolution recommending Dr. Sallie M. Henry for emerita status be approved.

RESOLUTION FOR EMERITUS STATUS

March 29, 2004

WHEREAS, Dr. Waldon R. Kerns faithfully served Virginia Tech for 28 years in the College of Agriculture & Life Sciences, beginning in 1975; and

WHEREAS, as a member of the faculty in the Department of Agricultural & Applied Economics, he initiated, developed, and implemented an outstanding summer study-abroad program in Europe for environmental and international students, leading trips that involved studies in 15 countries; and

WHEREAS, he effectively served in the Virginia Water Resources Research Center and in the Institute for Innovative Governance as Director, where he successfully conducted outreach/extension programs and taught courses in Resource Economics; and

WHEREAS, he published in professional and governmental affairs journals, as well as in popular publications; was recognized throughout the state, region, and nation for his expertise in resource management, land use, and government policy analysis; and was the first recipient of Virginia Tech's Alumni Award of Recognition for Outstanding Service in the Outreach Mission; and

WHEREAS, he developed innovative resource management and resource policy educational programs for the state, as well as for the EPA Chesapeake Bay Program, receiving numerous citations and awards; and

WHEREAS, he received numerous appointments and recognition for outstanding service to local, state, and regional boards and commissions;

THEREFORE, be it resolved that the Board of Visitors recognizes Dr. Waldon R. Kerns for his service to the university with the title of Professor Emeritus of Agricultural & Applied Economics.

RECOMMENDATION:

That the above resolution recommending Dr. Waldon R. Kerns for emeritus status be approved.

RESOLUTION FOR EMERITUS STATUS

March 29, 2004

WHEREAS, Dr. David M. Kohl faithfully served Virginia Tech for 25 years in the College of Agriculture & Life Sciences, beginning in 1978; and

WHEREAS, as a member of the faculty in the Department of Agricultural & Applied Economics, he conducted outstanding instruction, extension, and applied research in agricultural finance and management; he taught six different courses and over 10,000 undergraduate and graduate students with excellence; he chaired or co-chaired 12 M.S. and 3 Ph.D. graduate programs; and he developed innovative and relevant extension education programs in agricultural finance and management; and

WHEREAS, he was twice the recipient of the American Agricultural Economics Association's Outstanding Teaching Award; he received the University's Wine Award, the college's Certificate of Teaching Excellence, and Gamma Sigma Delta's Teaching Award; he is a member of the Academy of Teaching Excellence; he was named four times as the outstanding teacher in the department; he was elected to the Academy of Faculty Service; and he served on the Faculty Senate and Athletic Board; and

WHEREAS, he published 4 books and over 400 journal, extension, and popular press articles and papers based on his applied research, extension and public service work; and

WHEREAS, he received the Virginia Governor's Award for Outstanding Service to Virginia Agriculture, the Outstanding Young Extension Specialist Award, the American Bankers Association's Distinguished Service Award, and the Virginia Bankers Association's Distinguished Service Award; and

WHEREAS, he facilitated the United States Farm Financial Standards Task Force and was instrumental in the education and implementation of these standards in the United States, Canada, and Mexico; he conducted over 2,500 seminars, speeches, and invited papers to leading agricultural lender, agribusiness, and producer groups throughout the United States and internationally;

THEREFORE, be it resolved that the Board of Visitors recognizes Dr. David M. Kohl for his service to the university with the title of Professor Emeritus of Agricultural & Applied Economics.

RECOMMENDATION:

That the above resolution recommending Dr. David M. Kohl for emeritus status be approved.

RESOLUTION FOR EMERITUS STATUS
March 29, 2004

WHEREAS, Dr. John A. N. Lee faithfully served Virginia Tech for 29 years in the College of Arts & Sciences, beginning in 1974; and

WHEREAS, as a member of the faculty in the Department of Computer Science, he was a dedicated teacher with particular emphasis on courses in software engineering, compilers, programming languages, and professionalism; and

WHEREAS, he contributed to the development of the field of computer science in the areas of software engineering, programming languages, computer science education, and the history of computing through his authorship of 3 books, over 40 contributions to the *Encyclopedia of Computer Science*, and over 150 refereed papers, reports, and articles; and he served as principal or co-principal investigator on research grants and research contracts totaling over \$2 million; and

WHEREAS, his contributions to the profession were recognized by numerous awards from the Association for Computing Machinery including the Outstanding Contribution Award, four Certificates of Recognition of Service, and two Distinguished Service Awards for lifetime contributions in the field of programming languages and from the IEEE Computer Society including the President's Certificate of Appreciation and the Outstanding Service Award; and

WHEREAS, he was recognized as a fellow of the Association for Computing Machinery, the largest international society of computing professionals and held prestigious elected offices for the organization including Vice President and Member-at-Large; and

WHEREAS, he was one of the leading members of the effort to preserve the record of pioneering computing scientists and Editor-in-Chief for the *Annals of the History of Computing*;

THEREFORE, be it resolved that the Board of Visitors recognizes Dr. John A. N. Lee for his service to the university with the title of Professor Emeritus of Computer Science.

RECOMMENDATION:

That the above resolution recommending Dr. John A. N. Lee for emeritus status be approved.

RESOLUTION FOR EMERITUS STATUS
March 29, 2004

WHEREAS, Dr. Dean T. Mook faithfully served Virginia Tech for 37 years in the College of Engineering, beginning in 1966; and

WHEREAS, as a member of the faculty in the Department of Engineering Science & Mechanics, he was a dedicated teacher of a wide range of courses from the undergraduate to the advanced graduate level, and he advised and counseled numerous undergraduate and graduate students, serving as graduate advisor for 23 master's and 20 doctoral students; and

WHEREAS, he made significant contributions to research on structural dynamics, hydrodynamic stability, ship dynamics, nonlinear vibrations, aerodynamics, aircraft stability and dynamics, and aircraft control; he authored or co-authored approximately 300 various publications, including one book and a chapter of a textbook which was translated into Spanish; he presented numerous lectures; he received one United States patent in the course of this work; and he directed numerous sponsored research projects and was instrumental in obtaining funding to Virginia Tech in excess of \$12,500,000; and

WHEREAS, in recognition of his accomplishments, he received the Frank J. Maher Outstanding Educator Award in 1985 and was appointed as the N. Waldo Harrison Professor of Engineering Science and Mechanics in 1991; and

WHEREAS, he served as a Fellow of the American Academy of Mechanics, Associate Fellow of Aeronautics and Astronautics, Fellow of the American Society of Mechanical Engineers (ASME), Chairman of the Blue Ridge Section of American Institute of Aeronautics and Astronautics, and National Secretary for the American Academy of Mechanics; and

WHEREAS, he organized conferences and edited proceedings, was associate editor for the ASME *Journal of Vibration and Acoustics*, co-editor of *Nonlinear Dynamics Vol. 5*, and co-editor of *Mechanics Pan-America*;

THEREFORE, be it resolved that the Board of Visitors recognizes Dr. Dean T. Mook for his service to the university with the title of N. Waldo Harrison Professor Emeritus of Engineering Science & Mechanics.

RECOMMENDATION:

That the above resolution recommending Dr. Dean T. Mook for emeritus status be approved.

RESOLUTION FOR EMERITUS STATUS
March 29, 2004

WHEREAS, Dr. Richard E. Nance faithfully served Virginia Tech for 30 years in the College of Arts & Sciences, beginning in 1973; and

WHEREAS, as a member of the faculty in the Department of Computer Science, he was a dedicated teacher of a wide range of courses; he advised and counseled numerous undergraduate and graduate students during his career in the department, serving as the graduate advisor for numerous master's and three doctoral students; and

WHEREAS, he initiated, established, and directed the Systems Research Center at Virginia Tech since its inception in 1984, and he made contributions to the research areas of modeling and simulation, software engineering, performance evaluation of computer systems, and networks and distributed systems, and he was named by the Naval Sea Systems Command as the John Adolphus Dahlgren Chair in Naval Computing Systems at Virginia Tech in 1988; and

WHEREAS, he authored 94 publications, 1 book, and 10 chapters; he served as principal or co-principal investigator on research grants and contracts totaling over \$5.3 million since 1976; he was elected as a fellow of the Association for Computing Machinery; and he served in a number of international professional technical societies;

THEREFORE, be it resolved that the Board of Visitors recognizes Dr. Richard E. Nance for his service to the university with the title of Professor Emeritus of Computer Science.

RECOMMENDATION:

That the above resolution recommending Dr. Richard E. Nance for emeritus status be approved.

RESOLUTION FOR EMERITUS STATUS

March 29, 2004

WHEREAS, Dr. Brian Storrie faithfully served Virginia Tech for 27 years in the College of Agriculture & Life Sciences, beginning in 1976; and

WHEREAS, as a member of the faculty in the Department of Biochemistry, he educated students using the tools and concepts of contemporary cell and molecular biology, contributed to published instructional materials in cell biology, formalized the initial course in bioinformatics, and led in establishing the graduate interdepartmental program in Molecular Cell Biology & Biotechnology; and

WHEREAS, through extensive collaborations with colleagues at European Molecular Biology Laboratory, Heidelberg, Germany, he made seminal discoveries that enhanced our understanding of the dynamic exchange of membranes in eukaryotic cells and that refined the concepts of membrane trafficking in cells; and

WHEREAS, he maintained a productive research program that was funded principally by the National Science Foundation, the National Institutes of Health, and the John C. Fogarty International Center; and

WHEREAS, he promoted the acquisition and use of confocal microscopy and digital image processing to accommodate demanding and informative experiments using state of the art fluorescence probes to localize and characterize cellular phenomena; and

WHEREAS, he promoted the application of discovery from basic research to improve instrumentation, to optimize image analysis, and to develop photochemicals with potential as therapy for human disease;

THEREFORE, be it resolved that the Board of Visitors recognizes Dr. Brian Storrie for his service to the university with the title of Professor Emeritus of Biochemistry.

RECOMMENDATION:

That the above resolution recommending Dr. Brian Storrie for emeritus status be approved.

FACULTY LEAVES

Virginia Tech's program of professional development for tenured faculty members provides two kinds of opportunities: Study-Research Leaves at one-half salary for up to one year and one-semester Research Assignments at full salary.

The following faculty members are requesting Study-Research Leave for the purpose and period of time specified:

Eileen Crist, Associate Professor, Department of Science & Technology in Society, for AY 2004-2005, to work on a new book project, Science as Advocacy: the Case of Conservation Biology, which provides a clear connection between conservation biology and environmental ethics and describes the challenges facing a new breed of scientist as advocate.

David A. Dillard, Professor, Department of Engineering Science & Mechanics, for AY 2004-2005, to renew and broaden his research capabilities and contacts in adhesion science, to complete some pending research papers, and to pursue new funded research opportunities.

Diana Farkas, Professor, Department of Materials Science & Engineering, for Fall, 2004, to build on collaborations developed at Brown University and the Massachusetts Institute of Technology in the area of computer simulation of properties of nano-structured materials. This is the second half of her Study-Research Leave; the first semester was taken in Fall 2003.

Sue Farquhar, Associate Professor, Department of Foreign Languages & Literatures, for Fall 2004, to write a book-length project, On the Margins of the Academy: Humanist Debates in/around the Palace Academy of Henri III, which adopts an interdisciplinary perspective to study cultural debates of late sixteenth-century France, with particular attention to the vexing question of sovereignty. Travel involved includes the Bibliothèque Nationale in Paris, Folger Institute, Library of Congress, and the Johns Hopkins University.

Edward Green, Professor, Department of Mathematics, for Fall 2004, to conduct research in the area of cohomology and representation theory of algebras with colleagues in Norway, England and Germany.

Christopher D. Hall, Professor, Department of Aerospace & Ocean Engineering, for AY 2004-2005, to strengthen research collaborations with NASA Goddard Space Flight Center in Greenbelt, Maryland, University of Zaragoza, Spain, and the Aeronautics and Space Technologies Institute of the Air Force Academy in Istanbul, Turkey in the areas of spacecraft dynamics and control.

Richard F. Hirsh, Professor, Department of History, for AY 2004-2005, to explore efforts by participants in the electric utility system to gain dominance as markets are restructured and become more competitive. Areas of study are several sites in Virginia and Washington, D.C.

Bradford F. Mills, Associate Professor, Department of Agriculture & Applied Economics, for August 1, 2004 to July 31, 2005, to work with the World Food Programme in Rome, Italy to focus on improving methods for identifying populations that are vulnerable to food shortages and provide them with food assistance.

Stephen R. Parson, Associate Professor, Department of Educational Leadership & Policy Studies, for Spring 2005, to study the effects of the Basic School Model on School Success which will be published as a monograph by The Basic School Network.

Timothy Pratt, Professor, Department of Electrical & Computer Engineering, for August 10 to December 1, 2004, to work with ArcSecond Inc. in Northern Virginia on a research program that will improve the capabilities and application of ArcSecond's 3-D indoor positioning systems. The research will lead to the establishment of a Position Location Laboratory at Virginia Tech, sponsored by ArcSecond and the aircraft construction industry.

Katherine Soniat, Associate Professor, Department of English, for AY 2004-2005, to write the proposed new collection of poems, A Wheel of Quartz and Sand, and complete another collection, Garden Alchemy.

Robert L. West, Jr., Associate Professor, Department of Mechanical Engineering, for AY 2004-2005, to conduct research involving coupled physics modeling in structural dynamics and fluid/structure interaction problems jointly with Adaptive Technologies Inc., located in the Virginia Tech Corporate Research Center.

The following faculty members are requesting Research Assignments for Fall 2004.

Carol A. Bailey, Associate Professor, Department of Sociology, to collaborate with Providence Service Corp. to evaluate mental health service delivery programs for youth.

David Brinberg, R.O. Goodykoontz Professor of Marketing, Department of Marketing, to examine the use of tailored messages to affect health-related behaviors for research and grant opportunities.

Colin B. Carrig, Professor, Department of Small Animal Clinical Sciences, to conduct studies on the vasculature of the feline kidney in health and disease, the development of skills in diagnostic imaging, and the methodologies in teaching diagnostic imaging

to DVM students and to radiology residents. Will collaborate with contacts at University of Pennsylvania School of Veterinary Medicine.

Peter E. Doolittle, Assistant Professor, Department of Teaching & Learning, to conduct research at the Dun Laoghaire Institute of Art, Design, and Technology in Dublin, Ireland in the area of strategy instruction and use in multimedia environments.

Norman E. Dowling, Professor, Department of Engineering Science & Mechanics and Materials Science & Engineering, to write the third edition of his textbook Mechanical Behavior of Materials: Engineering Methods for Deformation, Fracture, and Fatigue.

Laura Gillman, Associate Professor, Department of Interdisciplinary Studies, to co-author a book with former Virginia Tech colleague, Dr. Stacey Floyd-Thomas, Crisis in Feminist Discourses and Identity Politics: Toward a Social Justice Agenda for Women's Studies, focusing on the integration of a variety of women of color perspectives that have historically been rendered invisible. Research will take place at Brite Theological Seminary, Texas Christian University, where she will be a scholar in residence.

Donald Eugene Hatfield, Associate Professor, Department of Management, to collaborate with Dr. Laura B. Cardinal at Tulane University on examining entry into the biotechnology industry by pharmaceutical firms and new ventures started up by former employees of pharmaceutical firms.

Jaan Holt, Professor, School of Architecture + Design, to conduct research at professional firms in the D.C.-Baltimore Metro area in current urban design methodologies and to compile case study portfolios which will be archived in the library at the Washington-Alexandria Architecture Center.

James E. Johnson, Professor, Department of Forestry, to complete a project in cooperation with the USDA Cooperative, State Research, Education and Extension Service dealing with the identification and publication of "best practices" in forestry extension.

Shoshana Knapp, Associate Professor, Department of English, to write a biography of Ayn Rand, novelist, which will cover her life during the years spanning her creative achievement, 1905-1957.

Fred C. Lee, University Distinguished Professor, Department of Electrical & Computer Engineering, to establish strong networking and alliances between the Center for Power Electronics Systems and selected key universities around the world in order to promote future research collaboration and exchange.

Terry R. Rakes, Professor, Department of Business Information Technology, to study the use of heuristics for reducing the size of the solution space for a class of wireless network antennae location problems.

John L. Robertson, Professor, Department of Biomedical Sciences & Pathobiology, to conduct research in computerized image analysis and to apply these skills to several clinically relevant problems in human and veterinary oncology. Research will be carried out at the National Institute of Environmental and Health Sciences and National Toxicology Program Archive, Research Triangle Park, North Carolina, Comprehensive Cancer Center Wake Forest University, Virginia Tech Applied Biosciences Center, and Virginia-Maryland Regional College of Veterinary Medicine.

Vijay Singal, Professor, Department of Finance, to expand his research area to fully integrate the impact of short sellers and short sales on stock prices.

Mitzi R. Vernon, Associate Professor, School of Architecture + Design, to continue research begun with an NSF grant geared toward middle school girls and to co-author a monograph, which is a compilation of papers and lectures developed the past nine years involving design research and methodology.

The following faculty members are requesting Research Assignments for Spring 2005.

Susan B. Asselin, Professor, Department of Teaching & Learning, to conduct research on universal design in instruction to improve the learning environment for college students with disabilities to allow their full participation in university life.

Frederic J. Baumgartner, Professor, Department of History, to conduct research in the major libraries of the northeastern United States for his project "Declaring War and Making Peace in Early Modern Europe", which will lead to a new book.

France Belanger, Associate Professor, Department of Accounting & Information Systems, to write a book on managing in networked organizations, which is intended to be a practical guide.

Martha Ann Bell, Associate Professor, Department of Psychology, to conduct research in the area of developmental cognitive neuroscience with the assistance of a short-term NIH grant.

Robert Dunay, Professor, School of Architecture + Design, to develop coursework serving the graduate design cluster and to establish corporate liaisons with potential of collaboration and funding.

Gerardo W. Flintsch, Associate Professor, Department of Civil & Environmental Engineering, to work with the major university of Uruguay to develop a transportation infrastructure research program and formulate a graduate master's degree in Transportation Infrastructure, and to explore possible future collaborations in the

areas of transportation infrastructure research and education between Virginia Tech, the major university of Uruguay, and the National University of Costa Rica.

Jessica A. Folkart, Assistant Professor, Department of Foreign Languages & Literatures, to complete the manuscript of her second book Memory and (Im)Mortality at the Turn of the Millennium: Spanish Fiction of the 1990s.

Edward A. Fox, Professor, Department of Computer Science, to write a textbook based on the 5S (Societies, Scenarios, Spaces, Structures and Streams) theory of information systems for use in the classroom.

Donald Leo, Associate Professor, Department of Mechanical Engineering, to complete a textbook in the field of active materials and to increase expertise in the interdisciplinary fields of engineering, chemistry, and biology in collaboration with contacts at Cornell University.

Timothy E. Long, Professor, Department of Chemistry, to collaborate and interact with Professor David A. Tirrell at California Institute of Technology to enhance knowledge in the biological macromolecular sciences in conjunction with his NSF grant.

Eva Marand, Associate Professor, Department of Chemical Engineering, to directly participate with her students in collaborative research projects in the area of mixed matrix membranes at University of Minnesota, Georgia Tech, Carnegie Mellon, and the Macromolecular Institute in Prague.

Herve Marand, Professor, Department of Chemistry, to develop expertise in Monte Carlo and Brownian Dynamic simulation techniques through short-term collaborations with faculty members at the University of Massachusetts, Pittsburgh, North Carolina, and MIT in the area of polymer physical chemistry.

Maury A. Nussbaum, Associate Professor, Department of Industrial & Systems Engineering, to conduct research in the area of Localized Muscle Fatigue (LMF) and to generate two proposals for large-scale grants in which measurement and modeling of LMF is a central component.

Ting-Chung Poon, Professor, Department of Electrical & Computer Engineering, to further conduct research in the area of 3-D display and 3-D image processing in Korea or Japan.

Joseph L. Scarpaci, Professor, Department of Geography, to conduct research in Cuba and to finish a book and CD-ROM on Cuban landscapes with co-author Dr. Armando Portela for publication by Guilford Press.

Hanif D. Sherali, W. Thomas Rice Chaired Professor of Engineering, Grado Department of Industrial & Systems Engineering, to develop new research ideas,

methods and collaborations, including a textbook/research reference, for sustaining a high-quality research and educational program in engineering.

Kusum Singh, Professor, Department of Educational Leadership & Policy Studies, to study multilevel modeling methodology and its application to educational research. Visits to the University of Illinois and the University of Puerto Rico are planned.

Mahendra Pal Singh, Professor, Engineering Science & Mechanics, to study current research literature in the area of sensor-based structural health monitoring and emergency response planning, and to develop a research program in this area.

Paul Sorrentino, Professor, Department of English, to write a comprehensive biography of Stephen Crane. This book will be the final part of a five-part biographical research project on Crane.

Walid Thabet, Associate Professor, Department of Building Construction, to work with University of Teesside, UK, University of Auckland, New Zealand, and Technical University of Lisbon, Portugal to explore and further develop major area of research in applications of virtual reality technologies to conduct design review and construction processes in virtual settings.

Bailey Van Hook, Professor, Department of Art & Art History, to write a cultural biography of the life and work of artist and activist, Violet Oakley.

Frank H. Weiner, Associate Professor, School of Architecture + Design, to organize materials for a Ferrari Archive, with the majority of the work taking place in Blacksburg and one possible trip to Switzerland.

RECOMMENDATION:

That the above Study-Research Leaves and Research Assignments be approved as requested.

ENDOWED PROFESSORSHIP

The Dr. and Mrs. Dorsey Taylor Mahin Professorship

The Dr. and Mrs. Dorsey Taylor Mahin Endowed Professorship was established through a fund agreement in 1996. The fund was established to “honor the donor’s veterinarian, Dr. Gregory C. Troy, an exemplary clinician” and to recognize and reward a senior faculty member employed by the Virginia-Maryland Regional College of Veterinary Medicine at Virginia Tech (VMRCVM) for demonstrated excellence as a clinician, who exemplifies professionalism and compassion to owners and pets. The endowed professorship is awarded for a renewable term of five years. The recipient is to be chosen on the basis of outstanding clinical expertise, noteworthy compassion for both animal and owner(s), and exemplary professionalism. Dean Peter Eyre, concurring with the College Promotion and Tenure Committee, has nominated Dr. Gregory C. Troy as the first Dr. and Mrs. Dorsey Taylor Mahin Endowed Professor.

Dr. Troy joined the VMRCVM in 1987 as Director of the Veterinary Teaching Hospital and Professor. He served in that role until 1993, and has since served as Section Chief, Small Animal Medicine and as Interim Hospital Director whenever necessary. As Professor of Small Animal Internal Medicine, his duties include teaching, research, and clinical service. He is a Diplomate of the American College of Veterinary Internal Medicine and is the recipient of numerous teaching and service awards. He received the Dr. and Mrs. Dorsey Mahin Clinical Proficiency Award in 1997 and 1998 and the E.E. Thompson Professorial Award in 1995. He currently serves as Department Head, Small Animal Clinical Sciences.

Dr. Troy’s scholarly activity includes over 50 scientific articles, 9 book chapters, 40 abstracts, and 45 presentations at conferences and symposia. Dr. Troy’s research has spanned a breadth of naturally occurring disease in the dog and cat, where he has made significant contributions to veterinarians’ knowledge of disease syndromes. He has been principal investigator or co-principal investigator on over \$250,000 in funding.

Dr. Troy has contributed significantly to development of the VMRCVM over the years and continues to provide leadership through his exemplary accomplishments and contributions.

RECOMMENDATION:

That Dr. Gregory C. Troy be appointed the Dr. and Mrs. Dorsey Taylor Mahin Endowed Professor effective April 10, 2004, with a salary supplement provided by the endowment and, as available, from the Eminent Scholars match program. The appointment is for five years, and is renewable.

ENDOWED CHAIR

Adelaide C. Riggs Endowed Chair in Equine Medicine

The Adelaide C. Riggs Endowed Chair in Equine Medicine was established through the Adelaide C. Riggs Charitable Trust. The Trust has provided funds with the intent to fully fund one endowed chair at the Marion duPont Scott Equine Medical Center of the Virginia Maryland Regional College of Veterinary Medicine. Mrs. Riggs's interest was in equine medical research and instruction, particularly investigation into the medical problems of performance horses. Mrs. Riggs funded several research projects during her life on the problems of performance horses, and her desire was to perpetuate her interest in this area by funding a permanent chair. The Interim Dean of the College, Dr. Gerhardt Schurig, and the Interim Director of the Marion duPont Scott Equine Medical Center, Dr. Nathaniel White, nominate Dr. Martin Furr for the Adelaide C. Riggs Chair in Equine Medicine.

Dr. Furr completed his DVM degree at Oklahoma State University, College of Veterinary Medicine in 1986 and completed a Master of Science degree as part of a clinical residency in internal medicine at the Equine Medical Center (EMC) in 1989. Dr. Furr achieved Diplomate Status in the American College of Veterinary Internal Medicine (ACVIM) in 1991. Dr. Furr joined the EMC in 1991 as Assistant Professor and was granted tenure and promotion to Associate Professor in 1995. While still engaged in clinical service and teaching activities at the EMC, Dr. Furr completed his Doctor of Philosophy degree in immunology from the University of Maryland in 2000. Currently Dr. Furr's responsibilities include clinical service and instruction in the Medicine Section, as well as didactic instruction and research. He is currently the head of the Medicine section at the EMC.

Dr. Furr has been extremely successful in garnering research support, having been an investigator on 23 projects over the past 16 years attracting more than \$837,000 in research funding. He has published in over 94 scientific articles, papers and abstracts, and written six book chapters. He has presented 45 invited lectures or seminars. In 1997 his research was responsible for developing and testing a new drug for Equine Protozoal Myelitis, which currently has an international market.

Dr. Furr has been active in professional and graduate student instruction, supervising/training 11 ACVIM Diplomate candidates, and as major professor for 7 M.S. thesis candidates. Dr. Furr has served as the EMC coordinator for fourth year veterinary student rotations for 11 years and is an active lecturer in third year veterinary student courses. He has membership in five veterinary medical associations.

RECOMMENDATION:

That Dr. Martin Furr be appointed as the Adelaide C. Riggs Chair in Equine Medicine, effective April 10, 2004, with a salary supplement provided by the endowment and, as available, from the Eminent Scholars match program. The appointment is for five years, and is renewable.

ENDOWED PROFESSORSHIP

W.S. "Pete" White Chair for Innovation in Engineering Education

The W.S. "Pete" White Chair for Innovation in Engineering Education was established by the generous gift of \$500,000 by American Electric Power. The creation of this chair in honor of Pete White (EE '48) enables Virginia Tech to generate new interest in the teaching of engineering and in improving the learning process. It is unique in its flexibility—the chair is rotated biennially to a new recipient.

Dean Hassan Aref has nominated Professor Glenn Kraige as the W.S. "Pete" White Chair, based on the recommendations of the Engineering Science and Mechanics Department (ESM) and the College of Engineering's Honorifics Committee.

Since joining the Virginia Tech ESM faculty in 1975, Professor Kraige's achievements as an educator have been recognized with numerous honors on the university, state, and national levels: The Virginia Tech Phillip Sporn Award for Excellence in the Teaching of Engineering Subjects; the William E. Wine Award for Outstanding University Teaching; induction into the Virginia Tech Academy of Teaching Excellence; the College of Engineering Dean's Award for Excellence in Teaching; the American Society for Engineering Education (ASEE) AT&T Foundation Award for Outstanding Teaching in the Southeastern Section of ASEE; the State Council for Higher Education for Virginia (SCHEV) Outstanding Faculty Award; the Distinguished Educator Award from the Mechanics Division of ASEE; and the Virginia Professor of the Year Award from the Carnegie Foundation for the Advancement of Teaching and the Council for Advancement and Support of Education (CASE).

Professor Kraige has authored a considerable number of journal and conference papers and textbooks. Especially notable is the series, *Engineering Mechanics: Statics* and *Engineering Mechanics: Dynamics*, which Professor Kraige has co-authored with Professor James L. Meriam, now going on the sixth edition. The textbook is used extensively at engineering schools throughout the U.S. and worldwide.

Since 1983, Professor Kraige has developed software designed to offer high-quality classroom instruction of statics and dynamics course material. Recently, Professor Kraige has developed software to effectively present course materials to large lecture sections on the subjects of statics, mechanics of deformable bodies, and dynamics of particles in rigid bodies.

RECOMMENDATION:

That Professor Glenn Kraige be appointed to the W.S. "Pete" White Chair for Innovation in Engineering Education effective for a period of two years beginning August 10, 2004, with a salary supplement as provided by the endowment and, as available, from the Eminent Scholars match program.

CHANGE OF DUTY STATION

Dr. Laura Perini, Assistant Professor of Philosophy, has an invitation from the Center for the Philosophy of Science at the University of Pittsburgh to serve as a Visiting Fellow for Fall Term 2004. The selection as fellow is an honor and confirmation of the faculty member's contributions to scholarship in the philosophy of science. Fellows receive only a small stipend to offset additional expenses and no salary. They are expected to pursue their research on a full-time basis in residence at the Center, to interact with other University of Pittsburgh faculty and visiting scholars, and to make one or more presentations on their work. The appointment is an exceptional opportunity for the Fellow to focus on a research project with the support and interaction of colleagues in the field.

RECOMMENDATION:

That the change of duty station for fall term 2004 for Dr. Laura Perini, Assistant Professor of Philosophy, be approved.

DESCRIPTION OF FACULTY PERSONNEL CHANGES

(Prepared by Personnel Services)

I. FACULTY PERSONNEL & SALARY CHANGES

This section includes new appointments and changes in appointments for the general faculty, including faculty in the colleges and in the library, and for administrative and professional faculty in all areas under educational & general funding.

A. New Appointments

This section includes documentation of all new faculty appointments for the positions noted above. Some appointments, for example visiting faculty, may be "restricted" with a fixed-term appointment. If a senior-level appointment (Associate or Full Professor) is to be made with tenure, it is so noted.

B. Adjustments in Appointment and/or Salary

This section includes a listing and brief explanation of all off-cycle salary adjustments, conversion of positions from classified to faculty status, changes in the percent of employment (example: 50% to 75%), etc.

II. SPONSORED RESEARCH FACULTY

Section II documents appointments and changes to faculty positions funded by sponsored grants and contracts. These positions are usually "restricted" with a fixed-term appointment. Occasionally, appointments may be designated as regular (non-restricted) and will be noted as such.

A. New Appointments

This section includes appointments such as Visiting Assistant Professor, Professional Lecturer, or Instructor, as well as any of the various "Special Research-Ranked Faculty" titles, such as Research Associate, Postdoctoral Associate, or Research Scientist. Faculty appointed to these positions are funded from sponsored grants and contracts on one-year or multi-year appointments, which may be renewed depending on availability of funding, need for services, and performance.

B. Adjustments in Appointment and/or Salary

This section contains annual merit adjustments for faculty not included in the special research-ranked positions, changes in rank, special adjustments made for equity, funding availability, or changes in job responsibilities, and similar changes. Also included are adjustments in the percentage of employment and reappointments.

FACULTY PERSONNEL CHANGES

March 28-29, 2004

TEACHING AND RESEARCH FACULTY

NEW APPOINTMENTS

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE
<u>Agriculture & Life Sciences</u>					
Faircloth, Joel	Assistant Professor	VA Cooperative Extension	1-Jan-04	100	\$ 62,000
Goatley, James	Associate Professor	Crop & Soil Environmental Sciences	1-Jan-04	100	\$ 78,000
Ju, Young-Hwa	Assistant Professor	Human Nutrition, Foods, & Exercise	10-Aug-04	100	\$ 62,000
Liu, Dongmin	Assistant Professor	Human Nutrition, Foods, & Exercise	25-Dec-03	100	\$ 61,000
Wynn, Theresa	Assistant Professor	Biological Systems Engineering	1-Jul-04	100	\$ 70,000
<u>Engineering</u>					
Kulczycki, Gregory	Assistant Professor	Computer Science	25-Dec-03	100	\$ 75,000
<u>Liberal Arts & Human Sciences</u>					
Griffith, David	Visiting Instructor - Rstr	Interdisciplinary Studies	10-Jan-04	100	\$ 31,749
Matthews, John	Visiting Asst Professor - Rstr	Science & Technology in Society	25-Dec-03	100	\$ 20,000
Yuan, Anastasia	Assistant Professor	Sociology	10-Aug-04	100	\$ 50,000
Zimunya, Musa	Visiting Assoc Professor - Rstr	Sociology	25-Dec-03	100	\$ 32,000
<u>Veterinary Medicine</u>					
Kasimanickam, Ramanathan	Assistant Professor	Large Animal Clinical Sciences	1-Dec-03	100	\$ 70,000
Young, Byron	Instructor - Rstr	Equine Medical Center	5-Oct-03	100	\$ 70,000
Zimmerman, Kurt	Assistant Professor	Biomedical Sci & Pathobiology	10-Jan-04	100	\$ 81,000

TEACHING AND RESEARCH FACULTY

ADJUSTMENTS

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE		
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Agriculture & Life Sciences

Duncan, Dennis	Assistant Professor	Agriculture Technology	25-Jan-04	100	\$	60,752	
Kok, Loke	Professor	Entomology	1-Jan-04	100	\$	115,992	
Rankin, Janet	Interim Dir, Inst for Biomed & Pub Health Sci	Human Nutrition, Food & Exercise Science	25-Oct-03	100	\$	86,550	
Sutphin, Cathy	Interim Director, Admin of Coop Ext	VA Agricultural & Extension Education	10-Nov-03	100	\$	66,480	
Wolfe, Anthony	Professor	VA Cooperative Extension	1-Jan-04	100	\$	85,943	

Architecture & Urban Studies

Poole, Scott	Professor	School of Architecture & Design	1-Jan-04	100	\$	96,916	
Weiner, Frank	Associate Professor	School of Architecture & Design	10-Jan-04	100	\$	81,240	

Business

Yardley, James	Associate Professor	Accounting & Information Systems	25-Dec-03	100	\$	93,300	
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Engineering

Barnette, Noah	Instructor	Computer Science	16-Aug-03	100	\$	52,100	
Corcoran, Sean	Assistant Professor	Materials Science & Engineering	25-Nov-03	100	\$	71,792	
Dietrich, Carl	Research Asst Professor - Rstr	Electrical Engineering	1-Nov-03	50	\$	30,000	
Durham, Wayne	Associate Professor	Aerospace & Ocean Engineering	10-Aug-03	100	\$	104,441	
McQuain, William	Instructor	Computer Science	25-Nov-03	100	\$	45,000	
Waldron, Sally	Assistant Professor - Rstr	Engineering Fundamentals	10-Aug-03	100	\$	45,000	

Liberal Arts & Human Sciences

Alexander-Floyd, Nikol	Assistant Professor	Center for Interdisciplinary Studies	10-Aug-03	100	\$	50,000	
Allnutt, Robin	Instructor	English	10-Aug-03	100	\$	28,000	
Gaskill, Luann	Interim Assoc Dean	Apparel, Housing, & Resource Mgt	10-Jan-04	100	\$	104,183	
Gatewood, Thomas	Associate Professor	Teaching & Learning	10-Jan-04	100	\$	78,885	
Lalik, Rosary	Associate Professor	Teaching & Learning	10-Jan-04	100	\$	85,123	
Magliaro, Susan	Dir for School of Education	Teacher Education	1-Jul-03	100	\$	89,856	
			25-Dec-03	100	\$	94,879	
Mann, Jeffery	Assistant Professor	English	10-Aug-03	100	\$	42,000	
Parks, David	Assoc Dir for School of Education	Education Leadership & Policy St	25-Dec-03	100	\$	117,608	
Reeves, Barbara	Instructor - Rstr	Center for Interdisciplinary Studies	10-Aug-03	100	\$	29,400	
Ruggiero, Cheryl	Instructor	English	25-Sep-03	100	\$	52,580	
Wemhoener, Jane	Instructor	English	25-Dec-03	75	\$	23,184	

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TEACHING AND RESEARCH FACULTY

ADJUSTMENTS

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE		
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Natural Resources

Kennedy, Lisa	Assistant Professor	Geography	25-Dec-03	100	\$	53,400
Murphy, Brian	Professor	Fisheries & Wildlife Sciences	25-Dec-03	100	\$	96,768
Scarpaci, Joseph	Professor	Geography	10-Jan-04	100	\$	80,000

Veterinary Medicine

Berry, Douglass	Assistant Professor	Large Animal Clinical Sciences	10-Nov-03	100	\$	77,000
Herring, Ian	Assistant Professor	Small Animal Clinical Sciences	25-Sep-03	100	\$	76,600
Johnston, Spencer	Professor	Small Animal Clinical Sciences	15-Sep-03	100	\$	86,800
Kasimanickam, Ramanathan	Assistant Professor	Large Animal Clinical Sciences	1-Dec-03	100	\$	72,000

Vice Provost for Outreach

De Datta, Surajit	Professor, Assoc Provost for International Affairs	International Res Ed & Dev	10-Aug-03	100	\$	145,000
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ADMINISTRATIVE AND PROFESSIONAL

NEW APPOINTMENTS

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE		
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Agriculture & Life Sciences

Batt, Brenda	Assoc Extension Agent	VA Cooperative Extension	10-Feb-04	100	\$	40,000	
Channell, Sherry	Assoc Extension Agent - Rstr	VA Cooperative Extension	21-Nov-03	100	\$	32,000	
Close, David	State Master Gardener Coordinator	Horticulture	15-Jan-04	100	\$	38,000	
	Rstr						
Elmore, Roger	Executive Director	Smith Mt Lake Educational Cntr	1-Dec-03	100	\$	75,000	
Hairston, Shewana	Assoc Extension Agent	VA Cooperative Extension	10-Dec-03	100	\$	31,000	
Kauffman, Abigail	Assoc Extension Agent	VA Cooperative Extension	10-Feb-04	100	\$	36,000	
Patterson, Katherine	Assoc Extension Agent	VA Cooperative Extension	25-Dec-03	100	\$	36,000	
Rosson, Charles	Assoc Extension Agent - Rstr	VA Cooperative Extension	10-Nov-03	100	\$	43,000	
Stevens, Judith	Assoc Extension Agent	VA Cooperative Extension	10-Dec-03	100	\$	31,000	
Stowe, Jamie	Assoc Extension Agent - Rstr	VA Cooperative Extension	10-Dec-03	100	\$	33,000	

Athletics

Brizendine, Michael	Assistant Men's Soccer Coach	Athletics	19-Jan-04	100	\$	30,000	
Rittler, Megan	Athletic Trainer	Athletics	28-Jan-04	100	\$	28,000	

Business

Jacobina, Charles	Director of Exec MBA Prog	Executive MBA Program	3-Nov-03	100	\$	86,000	
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Executive Vice President

Hyatt, James	Exec VP & Chief Operating Officer	Exec VP & Chief Operating Officer	25-Jul-04	100	\$	285,000	
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Provost

Macedo, Peter	Faculty Support Specialist - Rstr	Institute for Distance & Distributed Learning	10-Feb-04	100	\$	38,000	
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ADMINISTRATIVE AND PROFESSIONAL

NEW APPOINTMENTS

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE		
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Research Division

Fenwick, Bradley	VP for Research w/Tenure	Research Division	1-Jul-04	100	\$	198,000	
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Vice President for Business Affairs

Tuck, Reginald 1	Police Chaplain	University Police	1-Apr-04				
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Vice President for Development & University Relations

Creasy, John	Asst Dir of Development for College of Science	University Development	5-Jan-04	100	\$	52,500	
Sutphin, Diane	Asst Dir of Development for College of Agriculture & Life Sci	University Development	1-Jan-04	100	\$	48,000	

1 - Under Section 65.2 of the Code of Virginia, the Board may adopt a resolution to treat a volunteer law enforcement chaplain as a employee for the purposes of the Workers Compensation Act.

ADMINISTRATIVE AND PROFESSIONAL

ADJUSTMENTS

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE		
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Agriculture & Life Sciences

Barlow, Rebecca	Assoc Extension Agent	VA Cooperative Extension	25-Jan-04	100	\$	38,100	
Barnes, Virginia	Extension Agent	VA Cooperative Extension	10-Aug-03	100	\$	33,000	
			1-Jan-04	100	\$	35,204	
Byrd, Carol	Extension Agent	VA Cooperative Extension	1-Dec-03	100	\$	42,142	
Cole, Linda	Assoc Extension Agent	VA Cooperative Extension	25-Jan-04	100	\$	33,000	
Cooper, Sarah	Associate Extension Agent	VA Cooperative Extension	25-Feb-04	100	\$	33,400	
Edwards, Booker	Extension Agent	VA Cooperative Extension	25-Dec-03	100	\$	40,693	
Jones, Judith	Interim Dir & Assoc Dean	VA Cooperative Extension	1-Nov-03	100	\$	120,000	
Mack, Timothy	Assoc Dean for Information Tech & Distance Education	Information Technology	1-Jan-04	100	\$	125,000	
Massey, Joseph	Associate Extension Agent	VA Cooperative Extension	1-Jan-04	100	\$	38,600	
Nansel, Carol	Extension Agent	VA Cooperative Extension	25-Jan-04	100	\$	46,935	
Poff, Karen	Extension Agent	VA Cooperative Extension	25-Jan-04	100	\$	47,141	
Quisenberry, Sharron	Dean	Coll of Agriculture & Life Sciences	1-Jan-04	100	\$	202,650	
Thacker, Paige	Associate Extension Agent	VA Cooperative Extension	10-Nov-03	100	\$	44,000	

Architecture & Urban Studies

Simpson, Maritza	Administrative & Financial Mngr	CAUS Dean's Office	10-Jan-04	100	\$	47,625	
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Athletics

Beamer, Frank	Head Football Coach	Athletics	1-Jan-04	100	\$	235,782	
East, Timothy	Asst AD Marketing/Promotions	Athletics	1-Aug-03	100	\$	62,112	
Foster, Robert	Defensive Coordinator	Athletics	1-Jan-04	100	\$	175,380	
Gentry, Roy	Asst AD Sports Performance	Athletics	1-Jan-04	100	\$	111,132	
Hite, William	Assoc Head Football Coach	Athletics	1-Jan-04	100	\$	146,137	
Rogers, Kevin	Asst Football Coach	Athletics	1-Jan-04	100	\$	123,498	
Stinespring, Bryan	Offensive Coordinator	Athletics	1-Jan-04	100	\$	140,017	
Weaver, James	Director of Athletics	Athletics	1-Jan-04	100	\$	250,367	
Weiss, Oliver	Head Men's Soccer Coach	Athletics	1-Jan-04	100	\$	52,000	

Engineering

Eckel, Douglas	Dir of Research Advancement & Assessment	College of Engineering	25-May-03	100	\$	60,000	
Scales, Glenda	Assoc Dean of Distance Learning & Computing	College of Engineering	25-Dec-03	100	\$	85,500	

Continued

ADMINISTRATIVE AND PROFESSIONAL

ADJUSTMENTS

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE		
<u>President</u>							
Cain, Jerry	General Counsel	Legal Counsel	25-Nov-03	100	\$ 110,324		
Heidbreder, Kay	Assoc General Counsel	Legal Counsel	25-Nov-03	100	\$ 99,239		
<u>Provost</u>							
LaBoone, Emet	Assistant Director	Institute for Distance & Distributed Learning	24-Feb-04	100	\$ 46,166		
Lazar, Maureen	Victim Svcs Outreach Coord - Rstr	Women's Center	1-Oct-03	100	\$ 31,000		
Scales, William	Assistant Director	Student Athlete Academic Support Services	10-Jun-03	100	\$ 31,000		
<u>Science</u>							
Ball, Sheryl	Associate Dean	College of Science	14-Jan-04	100	\$ 94,000		
Ross, Nancy	Associate Dean	College of Science	15-Jan-04	100	\$ 96,000		
<u>Veterinary Medicine</u>							
Schurig, Gerhardt	Interim Dean	Veterinary Medicine	1-Oct-03	100	\$ 170,000		
<u>Vice President for Budget and Financial Management</u>							
Broyden, Robert	Director of Capital Assets & Financial Management	Budget & Financial Planning	10-Oct-03	100	\$ 82,000		
Rudd, Lisa	Assistant to VP for Budget & Financial Management	Vice President for Budget & Financial Management	10-Oct-03	100	\$ 48,880		
<u>Vice President for Development & University Relations</u>							
Arthur, Salinda	Assistant VP	University Development	25-Nov-03	100	\$ 94,070		
Benton, Dianna	Dir of Dev - University Prgms	University Development	25-Nov-03	100	\$ 41,680		
Clough, Lynette	Assoc Dir of Dev Engineering	University Development	3-Nov-03	100	\$ 57,000		
Jones, Robert	Assoc Dir of Dev Engineering	University Development	21-Oct-03	100	\$ 55,000		
			25-Nov-03	100	\$ 56,238		
Shephard, Robert	Assoc Dir of Dev, Pamplin College of Business	University Development	1-Jan-04	100	\$ 68,000		

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ADMINISTRATIVE AND PROFESSIONAL

ADJUSTMENTS

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE		
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Vice President for Information Technology

Hach, Richard	Assoc Dir, Network Infrastructure & Srvcs Special Projects & Initiatives	Communications Network Services	1-Dec-03	100	\$	79,098
Lilly, Judy	Associate VP	Adv Network Infrastructure	1-Dec-03	100	\$	128,700
Pelt, Ranson	Dir for Fiscal Operations & Admin Support for Info Tech	Information Technology	1-Dec-03	100	\$	91,770
Stewart, Jeb	Dir for Planning & Administration/ Chief of Staff	Information Technology	1-Dec-03	100	\$	85,100

Vice President for Student Affairs

Brown, Tom	Interim Director	Student Life & Advocacy	1-Jun-03	100	\$	61,500
Hickerson, Laura	Assistant Director	Career Services	25-Nov-03	100	\$	31,644
Keene, Frances	Assistant Director	Office of Judicial Affairs	1-Jul-03	100	\$	32,000

SPECIAL RESEARCH FACULTY

NEW APPOINTMENTS

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE		
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Agriculture & Life Sciences

Grochowski, Laura	Postdoctoral Associate - Rstr	Biochemistry	25-Mar-04	100	\$	30,000	
Jordan, Brian	Postdoctoral Associate - Rstr	Biochemistry	25-Jan-04	100	\$	32,000	
Kuo, Alice	Postdoctoral Associate - Rstr	Animal & Poultry Sciences	1-Jan-04	100	\$	40,000	
Penn, Stephanie	Research Associate - Rstr	Food Science & Technology	16-Oct-03	100	\$	30,000	
Shibru, Helen	Research Associate - Rstr	Animal & Poultry Sciences	10-Jan-04	100	\$	21,000	
Torabinejad, Javad	Research Scientist - Rstr	Biochemistry	2-Feb-04	100	\$	30,000	
Zhu, Fei	Postdoctoral Associate - Rstr	Biochemistry	10-Jan-04	100	\$	28,000	

Architecture & Urban Studies

Hassan, Marwa	Postdoctoral Associate - Rstr	Building Construction	1-Jul-04	90	\$	30,000	
Sanow, Susan	Project Associate - Rstr	Inst Innovative Gov/Non-Profit	17-Nov-03	100	\$	55,000	

Engineering

Kim, Yong Yook	Postdoctoral Associate - Rstr	Aerospace & Ocean Engineering	25-Feb-04	100	\$	28,000	
Liao, Wenyan	Postdoctoral Associate - Rstr	Computer Science	10-Aug-03	100	\$	28,000	
Mao, Shiwen	Postdoctoral Associate - Rstr	Bradley Dept of Electrical & Computer Engineering	1-Dec-03	100	\$	36,000	
Park, Youngjin	Postdoctoral Associate - Rstr	Civil & Environmental Engineering	25-Dec-03	70	\$	26,000	
Sasane, Amol	Sr Research Associate - Rstr	Aerospace & Ocean Engineering	10-Nov-03	100	\$	30,000	
Sigalov, Grigori	Postdoctoral Associate - Rstr	Computer Science	1-Dec-03	100	\$	33,000	

Executive Vice President

Carlier, Deborah	Project Associate - Rstr	VA Bioinformatics Institute	10-Dec-03	50	\$	20,000	
Cho, Yangrea	Postdoctoral Associate - Rstr	VA Bioinformatics Institute	1-Jun-04	100	\$	50,000	
Evans, Clive	Sr Project Associate - Rstr	VA Bioinformatics Institute	16-Jun-03	100	\$	63,000	
Jani, Dewal	Postdoctoral Associate - Rstr	VA Bioinformatics Institute	1-Dec-03	100	\$	40,000	
Kilel, Beatrice	Postdoctoral Associate - Rstr	VA Bioinformatics Institute	19-Nov-03	100	\$	45,000	
La Rota, Carlos	Postdoctoral Associate - Rstr	VA Bioinformatics Institute	3-May-04	100	\$	40,000	
Macioszek, Violetta	Postdoctoral Associate - Rstr	VA Bioinformatics Institute	1-May-04	100	\$	40,000	
Nagarkatti, Rana	Postdoctoral Associate - Rstr	VA Bioinformatics Institute	1-Dec-03	100	\$	40,000	
O'Neill, JoAnne	Sr Project Associate - Rstr	VA Bioinformatics Institute	20-Oct-03	100	\$	80,000	
Tolstikov, Vladimir	Postdoctoral Associate - Rstr	VA Bioinformatics Institute	15-Mar-04	100	\$	50,000	

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SPECIAL RESEARCH FACULTY

NEW APPOINTMENTS

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE		
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Liberal Arts & Human Sciences

Wilcox, Karen	Sr Project Associate - Rstr	Cntr for Gerontology	10-Nov-03	60	\$	30,158	
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Natural Resources

Bruchner, Anne-Katrin	Project Associate - Rstr	Wood, Science, & Forest Products	22-Dec-03	100	\$	22,000	
Davis, Michelle	Research Associate - Rstr	Fisheries & Wildlife Sciences	14-Jan-04	100	\$	29,000	
Evans, Gary	Sr Research Scientist - Rstr	College of Natural Resources	1-Oct-03	100	\$	85,000	
Grigorovich, Igor	Postdoctoral Associate - Rstr	Fisheries & Wildlife Sciences	19-Oct-03	100	\$	32,000	
Jenkins, Kendell	Project Associate - Rstr	Conservation Management Institute	15-Dec-03	100	\$	35,000	
Karpanty, Sarah	Postdoctoral Associate - Rstr	Fisheries & Wildlife Sciences	2-Jan-04	100	\$	35,000	
Lakel, William	Research Associate - Rstr	Forestry	1-Dec-03	100	\$	40,000	

Provost

Best, Candace	Research Associate - Rstr	Multicultural Acad Oppor Prgm	10-Jan-04	100	\$	21,000	
Camacho, Ana	Research Associate - Rstr	Multicultural Acad Oppor Prgm	10-Jan-04	100	\$	21,000	
Draper, Sonya	Project Associate - Rstr	Multicultural Acad Oppor Prgm	25-Nov-03	100	\$	34,000	
Gebresilassie, Kibrom	Research Associate - Rstr	Multicultural Acad Oppor Prgm	10-Jan-04	100	\$	21,000	
King, Jennifer	Research Associate - Rstr	Multicultural Acad Oppor Prgm	10-Jan-04	100	\$	21,000	
Layne, Margaret	Sr Project Associate - Rstr	Office of the Provost	20-Oct-03	100	\$	65,000	

Research Division

Ali, Mir Farooq	Research Associate - Rstr	Transportation Institute	10-Feb-04	50	\$	20,500	
Harrison, William	Postdoctoral Associate - Rstr	Materials Research Institute	25-Nov-03	100	\$	30,000	
Koncz, Nicholas	Sr Project Associate - Rstr	Cntr for Geospatial Info Tech	26-Jan-04	100	\$	58,000	
Schaudt, William	Research Associate - Rstr	Transportation Institute	1-Mar-04	100	\$	47,500	
Spaulding, Jeremy	Research Associate - Rstr	Transportation Institute	1-Nov-03	100	\$	52,000	

Science

Ge, Zhongxin	Postdoctoral Associate - Rstr	Chemistry	21-Dec-03	100	\$	30,000	
Hatzikoutelis, Athanasios	Postdoctoral Associate - Rstr	Physics	25-Dec-03	100	\$	39,000	
Liu, Yun	Postdoctoral Associate - Rstr	Geosciences	1-Feb-04	100	\$	35,000	
Zhao, Hongwu	Postdoctoral Associate - Rstr	Chemistry	27-Oct-03	100	\$	26,000	

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SPECIAL RESEARCH FACULTY

NEW APPOINTMENTS

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE		
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Veterinary Medicine

Ahmed, Farzana	Postdoctoral Associate - Rstr	Biomedical Sciences & Pathobiology	10-Dec-03	100	\$	30,000	
Tschetter, Jolynne	Research Scientist - Rstr	Large Animal Clinical Sciences	1-Jan-04	100	\$	36,000	

Vice President for Information Technology

Williams, Scott	Project Associate - Rstr	Information Systems	3-Dec-03	100	\$	38,000	
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SPECIAL RESEARCH FACULTY

ADJUSTMENTS

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE		
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Agriculture & Life Sciences

Beck, Michel	Sr Research Associate - Rstr	Crop & Soil Environmental Sciences	25-Jan-04	75	\$	39,893	
Geng, Tuoyu	Research Associate - Rstr	Animal & Poultry Sciences	1-Sep-03	100	\$	27,600	
Hipkins, Patricia	Research Associate - Rstr	Entomology	23-Jan-04	100	\$	48,805	
			7-Feb-04	100	\$	44,368	
McFerren, Mary	Project Associate - Rstr	Human Nutrition, Food & Exercise	25-Nov-03	100	\$	60,000	
Woffenden, Bonnie	Research Scientist - Rstr	Plant Pathology, Physiology, & Weed Science	15-Jan-04	100	\$	36,000	

Architecture & Urban Studies

Corr, Cari	Project Associate - Rstr	Inst for Policy Outreach	19-Dec-03	100	\$	57,000	
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Engineering

Kim, Bong	Postdoctoral Associate - Rstr	Aerospace & Ocean Eng	10-Feb-04	100	\$	29,000	
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Executive Vice President

Hoops, Stefan	Sr Project Associate	VBI - Core Computational Facility	10-Feb-04	100	\$	84,000	
Mendes, Pedro	Research Assoc Professor	VA Bioinformatics Institute	25-Jan-04	100	\$	115,000	

Liberal Arts & Human Sciences

Allen, Darrin	Research Associate - Rstr	Human Development	1-Dec-03	100	\$	67,500	
Brock, Donna	Research Associate - Rstr	Human Development	2-Feb-04	39.5	\$	15,213	
Marek, Lydia	Research Scientist - Rstr	Human Development	2-Feb-04	70	\$	49,032	

Natural Resources

Hata, David	Research Scientist - Rstr	Fisheries & Wildlife Sciences	25-Nov-03	100	\$	44,000	
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Research Division

Arafah, Mazen	Sr Research Associate - Rstr	Transportation Institute	1-Oct-03	100	\$	53,600	
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Science

Khalil, Ashraf	Sr Research Scientist - Rstr	Chemistry	25-Dec-03	100	\$	54,777	
Walton, Anne	Postdoctoral Associate - Rstr	Biology	16-Dec-03	100	\$	28,500	

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SPECIAL RESEARCH FACULTY

ADJUSTMENTS

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE		
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Vice President for Business Affairs

Weyer, Maureen	Project Associate - Rstr	Personnel Services	25-Jun-03	100	\$ 28,000		
			10-Feb-04	100	\$ 36,500		

BOWL BONUSES

2003 Insight Bowl

It has been a tradition in collegiate athletics to recognize the efforts of the coaching staff after a successful season culminating in post-season play. On December 26, 2003, the Virginia Tech Hokies played in the 2003 Insight Bowl in Phoenix, Arizona. The Hokies ended the 2003 football season with an overall record of 8 wins and 5 losses, after being defeated in the Insight Bowl by the University of California Golden Bears.

This tournament event marked the eleventh consecutive bowl game for the Virginia Tech football program. The Hokies finished fourth in the Big East Conference rankings.

In recognition of their dedication and efforts, the university proposes to award bonuses to the football coaching and training staff and to the Athletic Director. In accordance with the terms of coaches contracts and the university's post season play bonus policy, the university proposes that the following bonuses be awarded. The bonuses are one-time awards and do not affect base salaries. All bonuses will be funded from bowl proceeds.

RECOMMENDATION: That the contractual bonuses for the 2003 Insight Bowl be ratified.

March 29, 2004

INSIGHT BOWL BONUS RECOMMENDATIONS
March 29, 2004

<u>Contractual Bonus:</u>	<u>Contract Owner</u>	<u>Title</u>	<u>Bonus Amount</u>
Ball, Tony	Beamer	Assistant Coach	\$ 10,000
Ballein, John	Beamer	Asst. Athletic Director/Football Operations	\$ 8,333
Beamer, Frank	Beamer	Head Football Coach	\$137,426
Cavanaugh, Jim	Beamer	Assistant Coach	\$ 10,000
Foster, Bud	Foster	Defensive Coordinator	\$ 30,000
Gentry, Mike	Gentry	Head Strength & Conditioning Coach	\$ 10,000
Goforth, Mike	Beamer	Head Trainer	\$ 4,835
Hite, Billy	Hite	Assistant Head Coach	\$ 10,000
Johnson, Jay	Gentry	Assistant Strength & Conditioning Coach	\$ 3,300
Karlin, Lester	Beamer	Equipment Manager	\$ 3,539
Pearman, Danny	Beamer	Assistant Coach	\$ 10,000
Rogers, Kevin	Beamer	Assistant Coach	\$ 10,000
Stinespring, Bryan	Stinespring	Offensive Coordinator	\$ 30,000
Ward, Lorenzo	Beamer	Assistant Coach	\$ 10,000
Weaver, Jim	Weaver	Athletic Director	\$ 29,805
Wiles, Charley	Beamer	Assistant Coach	\$ 10,000
TOTAL CONTRACTUAL BONUSES			\$ 327,238

RESEARCH AND DEVELOPMENT DISCLOSURE REPORT
October1, 2003 - December 31, 2003

Reason for Conflict	Sponsor	Owner	Principal Investigator	Co - P.I.'s	College	Period of Performance	Award Amount	Short Title ⁽¹⁾
Faculty-owned Business	Nanosonic, Inc.	R. O. Claus	W. Spillman	No Co-PI	Univ. Center	Dec 03 - Apr 04	\$109,000	Materials Surface Analysis and Processing Methods
Faculty-owned Business	Prime Photonics, LC	A. Wang	K. Cooper	No Co-PI	Engineering	Dec 03 - Feb 04	\$10,000	Investigation of Fiber Optic Component Performance
Faculty-owned Business	Adaptive Technologies	W. Saunders	R. West	No Co-PI	Engineering	Aug 03 - Nov 03	\$9,842	Acoustic Finite Element Models for Design Advancement in Passive Reduction of Helmet Mounted Noise Defenders: Phase 1 - Option 1

⁽¹⁾More detailed information on the subject of the project is available upon request.

**Resolution on Virginia Bioinformatics Institute
Policy Advisory Board Appointments**

WHEREAS, the Board of Visitors has authorized the establishment of the Virginia Bioinformatics Institute Policy Advisory Board; and,

WHEREAS, in accordance with the terms of the Resolution establishing the Virginia Bioinformatics Institute Policy Advisory Board, the Policy Advisory Board will consist of ten members appointed as follows: two members from the Virginia Tech Board of Visitors, four at large members recommended by the University President and appointed by the Board of Visitors, and three members appointed by the Board of Visitors upon recommendation of the Governor of the Commonwealth in recognition of the Commonwealth's investment of resources and interest in the work of the Institute, and one non-elected representative from the Tobacco Indemnification and Community Revitalization Commission; and

WHEREAS, the University has identified the three members to be appointed upon recommendation of the Governor;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Visitors hereby appoints the following persons to serve on the Virginia Bioinformatics Institute Policy Advisory Board for the terms denoted:

Recommended by the Governor

Dr. Christoph von Arb	4-year term (2008)
Mr. Buddy G. Beck	4-year term (2008)
Mr. R. J. Kirk	4-year term (2008)

RECOMMENDATION:

That the resolution appointing members to the Virginia Bioinformatics Institute Policy Advisory Board, subject to the recommendation of the Governor, be approved.

March 29, 2004

Compensation Bonus Recommendation

In recognition of the extraordinary dual responsibilities for providing technological assistance related to regional economic development in the Danville/Southside region and in helping with the creation of the area's Institute for Advanced Learning and Research, the university is recommending that a performance bonus be awarded to Nancy Franklin. As the university's representative, Nancy provides expertise on regional economic development initiatives and focuses on issues related to growing the Danville/Southside region's network-based economy.

The recommended bonus for Nancy is \$13,500. Based on her current salary of \$94,500, this bonus will bring her total compensation for the year to \$108,000.

This bonus is a one-time award and does not affect her base salary. Additionally, the bonus will be paid from sponsored program funds provided by the Institute for Advanced Learning and Research.

RECOMMENDATION: That the one-time bonus recommendation for Nancy Franklin be approved.

March 29, 2004

EXCEPTION TO THE VIRGINIA CONFLICT OF INTEREST ACT

WHEREAS, the Code of Virginia section 2.1-639.6 prohibits the control over the employment of an immediate family member; and,

WHEREAS, exceptions are provided under the following conditions:

"The personal interest of an officer or employee of a state institution of higher education in additional contracts of employment with his own governmental agency which accrue to him because of a member of his immediate family, provided (i) the officer or employee and the immediate family member are engaged in teaching, research or administrative support positions at the educational institution, (ii) the governing board of the educational institution finds that it is in the best interests of the institution and the Commonwealth for such dual employment to exist, and (iii) after such finding, the board ensures that the officer or employee, or the immediate family member, does not supervise, evaluate, or otherwise participate in personnel decisions regarding the other."

WHEREAS, Gary Weaver has been appointed as Senior Research Fellow, currently a part-time temporary appointment in Northern Virginia, and his spouse, Maureen Storey, serves as director of the Center for Food and Nutrition Policy, which may provide a portion of his salary for duties associated with Center activities; and,

WHEREAS, Dr. Weaver has unique expertise and qualifications to pursue research opportunities in the areas of food security and bio-defense and his assignment involves, in part, investigation of a collaboration with the Center for Naval Analyses that may lead to a full-time appointment serving research needs of that federal agency; and,

WHEREAS, Dr. Weaver will report to Dr. James Bohland, Director of Northern Virginia Operations, who will be responsible for his evaluation, recommendation for salary adjustment, and appointment continuation, eliminating any participation or influence over personnel decisions by his spouse.

THEREFORE, be it resolved that an exception to the Conflict of Interest Act be granted by the Board of Visitors as provided by the Code of Virginia with appropriate safeguards for the fair evaluation of Dr. Weaver by persons other than his spouse, under oversight of the Director of Northern Virginia Operations.

RECOMMENDATION:

That an exception to the Conflict of Interest Act be granted by the Board of Visitors as provided by the Code of Virginia with appropriate safeguards for the fair evaluation of Gary Weaver during any period in which his funding or assignment is related to the Center for Food and Nutrition Policy under direction by his spouse.

March 29, 2004