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HOUSE BILL NO. 2549

Offered January 20, 2009

A BILL to amend and reenact §§ 2.2-3705.7, 2.2-3711, 23-9.2:3.03, 23-38.76, 23-38.77, 23-38.79, 23-38.80, 23-38.87, and 23-38.88 of the Code of Virginia, and to amend the Code of Virginia by adding a section numbered 23-38.79:1, and by adding in Chapter 4.9 of Title 23 a section numbered 23-38.87:1, relating to the Virginia College Savings Plan.

Patron—Cox

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.2-3705.7, 2.2-3711, 23-9.2:3.03, 23-38.76, 23-38.77, 23-38.79, 23-38.80, 23-38.87, and 23-38.88 of the Code of Virginia are amended and reenacted, and that the Code of Virginia is amended by adding a section numbered 23-38.79:1, and by adding in Chapter 4.9 of Title 23 a section numbered 23-38.87:1 as follows:

§ 2.2-3705.7. Exclusions to application of chapter; records of specific public bodies and certain other limited exemptions.

The following records are excluded from the provisions of this chapter but may be disclosed by the custodian in his discretion, except where such disclosure is prohibited by law:

1. State income, business, and estate tax returns, personal property tax returns, scholastic and confidential records held pursuant to § 58.1-3.

2. Working papers and correspondence of the Office of the Governor; Lieutenant Governor; the Attorney General; the members of the General Assembly or the Division of Legislative Services; the mayor or chief executive officer of any political subdivision of the Commonwealth; or the president or other chief executive officer of any public institution of higher education in Virginia. However, no record, which is otherwise open to inspection under this chapter, shall be deemed exempt by virtue of the fact that it has been attached to or incorporated within any working paper or correspondence.

As used in this subdivision:

"Office of the Governor" means the Governor; his chief of staff, counsel, director of policy, Cabinet Secretaries, and the Director of the Virginia Liaison Office; and those individuals to whom the Governor has delegated his authority pursuant to § 2.2-104.

"Working papers" means those records prepared by or for an above-named public official for his personal or deliberative use.

3. Library records that can be used to identify both (i) any library patron who has borrowed material from a library and (ii) the material such patron borrowed.

4. Contract cost estimates prepared for the confidential use of the Department of Transportation in awarding contracts for construction or the purchase of goods or services, and records and automated systems prepared for the Department's Bid Analysis and Monitoring Program.

5. Lists of registered owners of bonds issued by a political subdivision of the Commonwealth, whether the lists are maintained by the political subdivision itself or by a single fiduciary designated by the political subdivision.

6. Records and writings furnished by a member of the General Assembly to a meeting of a standing committee, special committee or subcommittee of his house established solely for the purpose of reviewing members' annual disclosure statements and supporting materials filed under § 30-110 or of formulating advisory opinions to members on standards of conduct, or both.

7. Customer account information of a public utility affiliated with a political subdivision of the Commonwealth, including the customer's name and service address, but excluding the amount of utility service provided and the amount of money paid for such utility service.

8. Personal information, as defined in § 2.2-3801, (i) filed with the Virginia Housing Development Authority concerning individuals who have applied for or received loans or other housing assistance or who have applied for occupancy of or have occupied housing financed, owned or otherwise assisted by the Virginia Housing Development Authority; (ii) concerning persons participating in or persons on the waiting list for federally funded rent-assistance programs; (iii) filed with any local redevelopment and housing authority created pursuant to § 36-4 concerning persons participating in or persons on the waiting list for housing assistance programs funded by local governments or by any such authority; or (iv) filed with any local redevelopment and housing authority created pursuant to § 36-4 or any other local government agency concerning persons who have applied for occupancy or who have occupied affordable dwelling units established pursuant to § 15.2-2304 or 15.2-2305. However, access to one's

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own information shall not be denied.

9. Records regarding the siting of hazardous waste facilities, except as provided in § 10.1-1441, if disclosure of them would have a detrimental effect upon the negotiating position of a governing body or on the establishment of the terms, conditions and provisions of the siting agreement.

10. Records containing information on the site specific location of rare, threatened, endangered or otherwise imperiled plant and animal species, natural communities, caves, and significant historic and archaeological sites if, in the opinion of the public body that has the responsibility for such information, disclosure of the information would jeopardize the continued existence or the integrity of the resource. This exemption shall not apply to requests from the owner of the land upon which the resource is located.

11. Records, memoranda, working papers, graphics, video or audio tapes, production models, data and information of a proprietary nature produced by or for or collected by or for the State Lottery Department relating to matters of a specific lottery game design, development, production, operation, ticket price, prize structure, manner of selecting the winning ticket, manner of payment of prizes to holders of winning tickets, frequency of drawings or selections of winning tickets, odds of winning, advertising, or marketing, where such official records have not been publicly released, published, copyrighted or patented. Whether released, published or copyrighted, all game-related information shall be subject to public disclosure under this chapter upon the first day of sales for the specific lottery game to which it pertains.

12. Records of the Virginia Retirement System, acting pursuant to § 51.1-124.30, or of a local retirement system, acting pursuant to § 51.1-803, or of the Rector and Visitors of the University of Virginia, acting pursuant to § 23-76.1, *or of the Virginia College Savings Plan, acting pursuant to § 23-38.77*, relating to the acquisition, holding or disposition of a security or other ownership interest in an entity, where such security or ownership interest is not traded on a governmentally regulated securities exchange, to the extent that: (i) such records contain confidential analyses prepared for the Rector and Visitors of the University of Virginia, prepared by the retirement system *or the Virginia College Savings Plan*, or provided to the retirement system *or the Virginia College Savings Plan* under a promise of confidentiality, of the future value of such ownership interest or the future financial performance of the entity; and (ii) disclosure of such confidential analyses would have an adverse effect on the value of the investment to be acquired, held or disposed of by the retirement system ~~or~~, the Rector and Visitors of the University of Virginia, *or the Virginia College Savings Plan*. Nothing in this subdivision shall be construed to prevent the disclosure of records relating to the identity of any investment held, the amount invested, or the present value of such investment.

13. Names and addresses of subscribers to Virginia Wildlife magazine, published by the Department of Game and Inland Fisheries, provided the individual subscriber has requested in writing that the Department not release such information.

14. Financial, medical, rehabilitative and other personal information concerning applicants for or recipients of loan funds submitted to or maintained by the Assistive Technology Loan Fund Authority under Chapter 11 (§ 51.5-53 et seq.) of Title 51.5.

15. Records of the Virginia Commonwealth University Health System Authority pertaining to any of the following: an individual's qualifications for or continued membership on its medical or teaching staffs; proprietary information gathered by or in the possession of the Authority from third parties pursuant to a promise of confidentiality; contract cost estimates prepared for confidential use in awarding contracts for construction or the purchase of goods or services; data, records or information of a proprietary nature produced or collected by or for the Authority or members of its medical or teaching staffs; financial statements not publicly available that may be filed with the Authority from third parties; the identity, accounts or account status of any customer of the Authority; consulting or other reports paid for by the Authority to assist the Authority in connection with its strategic planning and goals; the determination of marketing and operational strategies where disclosure of such strategies would be harmful to the competitive position of the Authority; and data, records or information of a proprietary nature produced or collected by or for employees of the Authority, other than the Authority's financial or administrative records, in the conduct of or as a result of study or research on medical, scientific, technical or scholarly issues, whether sponsored by the Authority alone or in conjunction with a governmental body or a private concern, when such data, records or information have not been publicly released, published, copyrighted or patented.

16. Records of the Department of Environmental Quality, the State Water Control Board, State Air Pollution Control Board or the Virginia Waste Management Board relating to (i) active federal environmental enforcement actions that are considered confidential under federal law and (ii) enforcement strategies, including proposed sanctions for enforcement actions. Upon request, such records shall be disclosed after a proposed sanction resulting from the investigation has been proposed to the director of the agency. This subdivision shall not be construed to prohibit the disclosure of records related to inspection reports, notices of violation, and documents detailing the nature of any

environmental contamination that may have occurred or similar documents.

17. As it pertains to any person, records related to the operation of toll facilities that identify an individual, vehicle, or travel itinerary including, but not limited to, vehicle identification data, vehicle enforcement system information; video or photographic images; Social Security or other identification numbers appearing on driver's licenses; credit card or bank account data; home addresses; phone numbers; or records of the date or time of toll facility use.

18. Records of the State Lottery Department pertaining to (i) the social security number, tax identification number, state sales tax number, home address and telephone number, personal and lottery banking account and transit numbers of a retailer, and financial information regarding the nonlottery operations of specific retail locations; and (ii) individual lottery winners, except that a winner's name, hometown, and amount won shall be disclosed.

19. Records of the Board for Branch Pilots relating to the chemical or drug testing of a person regulated by the Board, where such person has tested negative or has not been the subject of a disciplinary action by the Board for a positive test result.

20. Records, investigative notes, correspondence, and information pertaining to the planning, scheduling and performance of examinations of holder records pursuant to the Uniform Disposition of Unclaimed Property Act (§ 55-210.1 et seq.) prepared by or for the State Treasurer, his agents, employees or persons employed to perform an audit or examination of holder records.

21. Records of the Virginia Department of Emergency Management or a local governing body relating to citizen emergency response teams established pursuant to an ordinance of a local governing body, to the extent that such records reveal the name, address, including e-mail address, telephone or pager numbers, or operating schedule of an individual participant in the program.

22. Records of state or local park and recreation departments and local and regional park authorities to the extent such records contain information identifying a person under the age of 18 years, where the parent or legal guardian of such person has requested in writing that such information not be disclosed. However, nothing in this subdivision shall operate to prohibit the disclosure of information defined as directory information under regulations implementing the Family Educational Rights and Privacy Act, 20 U.S.C. § 1232g, unless the public body has undertaken the parental notification and opt-out requirements provided by such regulations. Access shall not be denied to the parent, including a noncustodial parent, or guardian of such person, unless the parent's parental rights have been terminated or a court of competent jurisdiction has restricted or denied such access. For records of such persons who are emancipated, the right of access may be asserted by the subject thereof.

23. Records submitted for inclusion in the Statewide Alert Network administered by the Department of Emergency Management, to the extent that they reveal names, physical addresses, email addresses, computer or internet protocol information, telephone numbers, pager numbers, other wireless or portable communications device information, or operating schedules of individuals or agencies, where the release of such information would compromise the security of the Statewide Alert Network or individuals participating in the Statewide Alert Network.

24. Records of the Judicial Inquiry and Review Commission made confidential by § 17.1-913.

25. Records of the Virginia Retirement System acting pursuant to § 51.1-124.30 ~~or~~, of a local retirement system acting pursuant to § 51.1-803 (hereinafter collectively referred to as the retirement system), *or of the Virginia College Savings Plan, acting pursuant to § 23-38.77* relating to:

a. Internal deliberations of or decisions by the retirement system *or the Virginia College Savings Plan* on the pursuit of particular investment strategies, or the selection or termination of investment managers, prior to the execution of such investment strategies or the selection or termination of such managers, to the extent that disclosure of such records would have an adverse impact on the financial interest of the retirement system *or the Virginia College Savings Plan*; and

b. Trade secrets, as defined in the Uniform Trade Secrets Act (§ 59.1-336 et seq.), provided by a private entity to the retirement system *or the Virginia College Savings Plan*, to the extent disclosure of such records would have an adverse impact on the financial interest of the retirement system.

For the records specified in subdivision b to be excluded from the provisions of this chapter, the entity shall make a written request to the retirement system *or the Virginia College Savings Plan*:

(1) Invoking such exclusion prior to or upon submission of the data or other materials for which protection from disclosure is sought;

(2) Identifying with specificity the data or other materials for which protection is sought; and

(3) Stating the reasons why protection is necessary.

The retirement system *or the Virginia College Savings Plan* shall determine whether the requested exclusion from disclosure meets the requirements set forth in subdivision b.

Nothing in this subdivision shall be construed to authorize the withholding of the identity or amount of any investment held or the present value and performance of all asset classes and subclasses.

26. Records of the Department of Corrections made confidential by § 53.1-233.

182 27. Records maintained by the Department of the Treasury or participants in the Local Government
183 Investment Pool (§ 2.2-4600 et seq.), to the extent such records relate to information required to be
184 provided by such participants to the Department to establish accounts in accordance with § 2.2-4602.

185 § 2.2-3711. Closed meetings authorized for certain limited purposes.

186 A. Public bodies may hold closed meetings only for the following purposes:

187 1. Discussion, consideration, or interviews of prospective candidates for employment; assignment,
188 appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public
189 officers, appointees, or employees of any public body; and evaluation of performance of departments or
190 schools of public institutions of higher education where such evaluation will necessarily involve
191 discussion of the performance of specific individuals. Any teacher shall be permitted to be present
192 during a closed meeting in which there is a discussion or consideration of a disciplinary matter that
193 involves the teacher and some student and the student involved in the matter is present, provided the
194 teacher makes a written request to be present to the presiding officer of the appropriate board.

195 2. Discussion or consideration of admission or disciplinary matters or any other matters that would
196 involve the disclosure of information contained in a scholastic record concerning any student of any
197 Virginia public institution of higher education or any state school system. However, any such student,
198 legal counsel and, if the student is a minor, the student's parents or legal guardians shall be permitted to
199 be present during the taking of testimony or presentation of evidence at a closed meeting, if such
200 student, parents, or guardians so request in writing and such request is submitted to the presiding officer
201 of the appropriate board.

202 3. Discussion or consideration of the acquisition of real property for a public purpose, or of the
203 disposition of publicly held real property, where discussion in an open meeting would adversely affect
204 the bargaining position or negotiating strategy of the public body.

205 4. The protection of the privacy of individuals in personal matters not related to public business.

206 5. Discussion concerning a prospective business or industry or the expansion of an existing business
207 or industry where no previous announcement has been made of the business' or industry's interest in
208 locating or expanding its facilities in the community.

209 6. Discussion or consideration of the investment of public funds where competition or bargaining is
210 involved, where, if made public initially, the financial interest of the governmental unit would be
211 adversely affected.

212 7. Consultation with legal counsel and briefings by staff members or consultants pertaining to actual
213 or probable litigation, where such consultation or briefing in open meeting would adversely affect the
214 negotiating or litigating posture of the public body; and consultation with legal counsel employed or
215 retained by a public body regarding specific legal matters requiring the provision of legal advice by such
216 counsel. For the purposes of this subdivision, "probable litigation" means litigation that has been
217 specifically threatened or on which the public body or its legal counsel has a reasonable basis to believe
218 will be commenced by or against a known party. Nothing in this subdivision shall be construed to
219 permit the closure of a meeting merely because an attorney representing the public body is in attendance
220 or is consulted on a matter.

221 8. In the case of boards of visitors of public institutions of higher education, discussion or
222 consideration of matters relating to gifts, bequests and fund-raising activities, and grants and contracts
223 for services or work to be performed by such institution. However, the terms and conditions of any such
224 gifts, bequests, grants, and contracts made by a foreign government, a foreign legal entity, or a foreign
225 person and accepted by a public institution of higher education in Virginia shall be subject to public
226 disclosure upon written request to the appropriate board of visitors. For the purpose of this subdivision,
227 (i) "foreign government" means any government other than the United States government or the
228 government of a state or a political subdivision thereof; (ii) "foreign legal entity" means any legal entity
229 created under the laws of the United States or of any state thereof if a majority of the ownership of the
230 stock of such legal entity is owned by foreign governments or foreign persons or if a majority of the
231 membership of any such entity is composed of foreign persons or foreign legal entities, or any legal
232 entity created under the laws of a foreign government; and (iii) "foreign person" means any individual
233 who is not a citizen or national of the United States or a trust territory or protectorate thereof.

234 9. In the case of the boards of trustees of the Virginia Museum of Fine Arts, the Virginia Museum
235 of Natural History, and The Science Museum of Virginia, discussion or consideration of matters relating
236 to specific gifts, bequests, and grants.

237 10. Discussion or consideration of honorary degrees or special awards.

238 11. Discussion or consideration of tests, examinations, or other records excluded from this chapter
239 pursuant to subdivision 4 of § 2.2-3705.1.

240 12. Discussion, consideration, or review by the appropriate House or Senate committees of possible
241 disciplinary action against a member arising out of the possible inadequacy of the disclosure statement
242 filed by the member, provided the member may request in writing that the committee meeting not be
243 conducted in a closed meeting.

13. Discussion of strategy with respect to the negotiation of a hazardous waste siting agreement or to consider the terms, conditions, and provisions of a hazardous waste siting agreement if the governing body in open meeting finds that an open meeting will have an adverse effect upon the negotiating position of the governing body or the establishment of the terms, conditions and provisions of the siting agreement, or both. All discussions with the applicant or its representatives may be conducted in a closed meeting.

14. Discussion by the Governor and any economic advisory board reviewing forecasts of economic activity and estimating general and nongeneral fund revenues.

15. Discussion or consideration of medical and mental records excluded from this chapter pursuant to subdivision 1 of § 2.2-3705.5.

16. Deliberations of the State Lottery Board in a licensing appeal action conducted pursuant to subsection D of § 58.1-4007 regarding the denial or revocation of a license of a lottery sales agent; and discussion, consideration or review of State Lottery Department matters related to proprietary lottery game information and studies or investigations exempted from disclosure under subdivision 6 of § 2.2-3705.3 and subdivision 11 of § 2.2-3705.7.

17. Those portions of meetings by local government crime commissions where the identity of, or information tending to identify, individuals providing information about crimes or criminal activities under a promise of anonymity is discussed or disclosed.

18. Those portions of meetings in which the Board of Corrections discusses or discloses the identity of, or information tending to identify, any prisoner who (i) provides information about crimes or criminal activities, (ii) renders assistance in preventing the escape of another prisoner or in the apprehension of an escaped prisoner, or (iii) voluntarily or at the instance of a prison official renders other extraordinary services, the disclosure of which is likely to jeopardize the prisoner's life or safety.

19. Discussion of plans to protect public safety as it relates to terrorist activity and briefings by staff members, legal counsel, or law-enforcement or emergency service officials concerning actions taken to respond to such activity or a related threat to public safety; or discussion of reports or plans related to the security of any governmental facility, building or structure, or the safety of persons using such facility, building or structure.

20. Discussion by the Board of the Virginia Retirement System, acting pursuant to § 51.1-124.30, or of any local retirement system, acting pursuant to § 51.1-803, or of the Rector and Visitors of the University of Virginia, acting pursuant to § 23-76.1, *or by the Board of the Virginia College Savings Plan, acting pursuant to § 23-38.80*, regarding the acquisition, holding or disposition of a security or other ownership interest in an entity, where such security or ownership interest is not traded on a governmentally regulated securities exchange, to the extent that such discussion (i) concerns confidential analyses prepared for the Rector and Visitors of the University of Virginia, prepared by the retirement system *or by the Virginia College Savings Plan* or provided to the retirement system *or the Virginia College Savings Plan* under a promise of confidentiality, of the future value of such ownership interest or the future financial performance of the entity, and (ii) would have an adverse effect on the value of the investment to be acquired, held or disposed of by the retirement system ~~or~~, the Rector and Visitors of the University of Virginia, *or the Virginia College Savings Plan*. Nothing in this subdivision shall be construed to prevent the disclosure of information relating to the identity of any investment held, the amount invested or the present value of such investment.

21. Those portions of meetings in which individual child death cases are discussed by the State Child Fatality Review team established pursuant to § 32.1-283.1, and those portions of meetings in which individual child death cases are discussed by a regional or local child fatality review team established pursuant to § 32.1-283.2, and those portions of meetings in which individual death cases are discussed by family violence fatality review teams established pursuant to § 32.1-283.3.

22. Those portions of meetings of the University of Virginia Board of Visitors or the Eastern Virginia Medical School Board of Visitors, as the case may be, and those portions of meetings of any persons to whom management responsibilities for the University of Virginia Medical Center or Eastern Virginia Medical School, as the case may be, have been delegated, in which there is discussed proprietary, business-related information pertaining to the operations of the University of Virginia Medical Center or Eastern Virginia Medical School, as the case may be, including business development or marketing strategies and activities with existing or future joint venturers, partners, or other parties with whom the University of Virginia Medical Center or Eastern Virginia Medical School, as the case may be, has formed, or forms, any arrangement for the delivery of health care, if disclosure of such information would adversely affect the competitive position of the Medical Center or Eastern Virginia Medical School, as the case may be.

23. In the case of the Virginia Commonwealth University Health System Authority, discussion or consideration of any of the following: the acquisition or disposition of real or personal property where disclosure would adversely affect the bargaining position or negotiating strategy of the Authority;

operational plans that could affect the value of such property, real or personal, owned or desirable for ownership by the Authority; matters relating to gifts, bequests and fund-raising activities; grants and contracts for services or work to be performed by the Authority; marketing or operational strategies where disclosure of such strategies would adversely affect the competitive position of the Authority; members of its medical and teaching staffs and qualifications for appointments thereto; and qualifications or evaluations of other employees.

24. Those portions of the meetings of the Intervention Program Committee within the Department of Health Professions to the extent such discussions identify any practitioner who may be, or who actually is, impaired pursuant to Chapter 25.1 (§ 54.1-2515 et seq.) of Title 54.1.

25. Meetings or portions of meetings of the Board of the Virginia College Savings Plan wherein personal information, as defined in § 2.2-3801, which has been provided to the Board or its employees by or on behalf of individuals who have requested information about, applied for, or entered into prepaid tuition contracts or savings trust account agreements pursuant to Chapter 4.9 (§ 23-38.75 et seq.) of Title 23 is discussed.

26. Discussion or consideration, by the Wireless Carrier E-911 Cost Recovery Subcommittee created pursuant to § 56-484.15, of trade secrets, as defined in the Uniform Trade Secrets Act (§ 59.1-336 et seq.), submitted by CMRS providers as defined in § 56-484.12, related to the provision of wireless E-911 service.

27. Those portions of disciplinary proceedings by any regulatory board within the Department of Professional and Occupational Regulation, Department of Health Professions, or the Board of Accountancy conducted pursuant to § 2.2-4019 or 2.2-4020 during which the board deliberates to reach a decision or meetings of health regulatory boards or conference committees of such boards to consider settlement proposals in pending disciplinary actions or modifications to previously issued board orders as requested by either of the parties.

28. Discussion or consideration of records excluded from this chapter pursuant to subdivision 11 of § 2.2-3705.6 by a responsible public entity or an affected local jurisdiction, as those terms are defined in § 56-557, or any independent review panel appointed to review information and advise the responsible public entity concerning such records.

29. Discussion of the award of a public contract involving the expenditure of public funds, including interviews of bidders or offerors, and discussion of the terms or scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the public body.

30. Discussion or consideration of grant application records excluded from this chapter pursuant to subdivision 17 of § 2.2-3705.6 by (i) the Commonwealth Health Research Board or (ii) the Innovative Technology Authority or a grant allocation committee appointed to advise the Innovative Technology Authority on the grant applications.

31. Discussion or consideration by the Commitment Review Committee of records excluded from this chapter pursuant to subdivision 9 of § 2.2-3705.2 relating to individuals subject to commitment as sexually violent predators under Chapter 9 (§ 37.2-900 et seq.) of Title 37.2.

32. —Expired.]

33. Discussion or consideration of confidential proprietary records and trade secrets excluded from this chapter pursuant to subdivision 18 of § 2.2-3705.6.

34. Discussion or consideration by a local authority created in accordance with the Virginia Wireless Service Authorities Act (§ 15.2-5431.1 et seq.) of confidential proprietary records and trade secrets excluded from this chapter pursuant to subdivision 19 of § 2.2-3705.6.

35. Discussion or consideration by the State Board of Elections or local electoral boards of voting security matters made confidential pursuant to § 24.2-625.1.

36. Discussion or consideration by the Forensic Science Board or the Scientific Advisory Committee created pursuant to Article 2 (§ 9.1-1109 et seq.) of Chapter 11 of Title 9.1 of records excluded from this chapter pursuant to subdivision F 1 of § 2.2-3706.

37. Discussion or consideration by the Brown v. Board of Education Scholarship Program Awards Committee of records or confidential matters excluded from this chapter pursuant to subdivision 3 of § 2.2-3705.4, and meetings of the Committee to deliberate concerning the annual maximum scholarship award, review and consider scholarship applications and requests for scholarship award renewal, and cancel, rescind, or recover scholarship awards.

38. Discussion or consideration by the Virginia Port Authority of records excluded from this chapter pursuant to subdivision 1 of § 2.2-3705.6.

39. Discussion or consideration by the Board of Trustees of the Virginia Retirement System acting pursuant to § 51.1-124.30, ~~or~~ by the Investment Advisory Committee appointed pursuant to § 51.1-124.26, ~~or~~ by any local retirement system, acting pursuant to § 51.1-803, *by the Board of the Virginia College Savings Plan acting pursuant to § 23-38.80, or by the Virginia College Savings Plan's Investment Advisory Committee appointed pursuant to § 23-38.79:1* of records excluded from this

chapter pursuant to subdivision 25 of § 2.2-3705.7.

40. Discussion or consideration by the Department of Business Assistance, the Virginia Economic Development Partnership, the Virginia Tourism Authority, the Tobacco Indemnification and Community Revitalization Commission, a nonprofit, nonstock corporation created pursuant to § 2.2-2240.1, or local or regional industrial or economic development authorities or organizations of records excluded from this chapter pursuant to subdivision 3 of § 2.2-3705.6.

41. Discussion or consideration by the Board of Education of records relating to the denial, suspension, or revocation of teacher licenses excluded from this chapter pursuant to subdivision 13 of § 2.2-3705.3.

42. Those portions of meetings of the Virginia Military Advisory Council, the Virginia National Defense Industrial Authority, or a local or regional military affairs organization appointed by a local governing body, during which there is discussion of records excluded from this chapter pursuant to subdivision 12 of § 2.2-3705.2.

B. No resolution, ordinance, rule, contract, regulation or motion adopted, passed or agreed to in a closed meeting shall become effective unless the public body, following the meeting, reconvenes in open meeting and takes a vote of the membership on such resolution, ordinance, rule, contract, regulation, or motion that shall have its substance reasonably identified in the open meeting.

C. Public officers improperly selected due to the failure of the public body to comply with the other provisions of this section shall be de facto officers and, as such, their official actions are valid until they obtain notice of the legal defect in their election.

D. Nothing in this section shall be construed to prevent the holding of conferences between two or more public bodies, or their representatives, but these conferences shall be subject to the same procedures for holding closed meetings as are applicable to any other public body.

E. This section shall not be construed to (i) require the disclosure of any contract between the Intervention Program Committee within the Department of Health Professions and an impaired practitioner entered into pursuant to Chapter 25.1 (§ 54.1-2515 et seq.) of Title 54.1 or (ii) require the board of directors of any authority created pursuant to the Industrial Development and Revenue Bond Act (§ 15.2-4900 et seq.), or any public body empowered to issue industrial revenue bonds by general or special law, to identify a business or industry to which subdivision A 5 applies. However, such business or industry shall be identified as a matter of public record at least 30 days prior to the actual date of the board's authorization of the sale or issuance of such bonds.

§ 23-9.2:3.03. Six-year institutional plans; annual assessment by State Council.

A. The governing boards of the public institutions of higher education shall develop and adopt biennially a six-year plan for the relevant institution. Each governing board shall submit the plan to the State Council, the Governor, and the respective chairs of the House Committee on Appropriations and the Senate Committee on Finance no later than October 1 of each odd-numbered year.

B. Each plan shall address the institution's academic, financial, and enrollment plans (to include the proportion of in-state and out-of-state students) for the six-year period. The plans shall be structured in accordance with the goals and objectives included in subsection B of § 23-38.88 and in a form and manner prescribed by the State Council, in consultation with the Secretary of Finance and the Director of the Department of Planning and Budget.

C. Such plans shall include financial planning reflecting the level of resources anticipated from the general fund assuming (i) no increase in general fund support for the subsequent biennial budget cycles and (ii) incremental general fund support based upon a general fund share for costs for all in-state students as set forth in the current biennial budget. The plan shall also include the anticipated tuition and fee charges required by (a) degree level and (b) domiciliary status to generate sufficient nongeneral fund revenues, as well as the institution's strategies for providing sufficient financial aid to mitigate the impact of tuition and fee increases on students and their families.

The plans shall be based upon assumptions for achieving adequate base funding as prescribed by the State Council and shall be aligned with six-year enrollment projections.

D. In developing such plans, each public institution of higher education shall give consideration to potential future impacts of tuition increases on the Virginia College Savings Plan (§ 23-38.75 et seq.) and shall discuss such potential impacts with the Plan. The ~~executive director~~ *chief executive officer* of the Virginia College Savings Plan shall provide to each institution the Plan's assumptions underlying the contract pricing of the program.

E. The State Council shall annually review and assess the six-year institutional plans required by this section to determine the degree to which the Commonwealth's system of public higher education is meeting statewide educational needs and objectives, as identified in the State Council's strategic plan. The State Council shall identify any disparities between such institutional plans and such statewide needs and objectives and shall make recommendations for the revision of such plans for consideration by the respective public institutions, the Governor, and the General Assembly.

§ 23-38.76. Virginia College Savings Plan established; governing board; terms.

A. To enhance the accessibility and affordability of higher education for all citizens of the Commonwealth, there is hereby established as an independent agency of the Commonwealth, the Virginia College Savings Plan (the Plan). Moneys of the Plan shall be held in the state treasury in a special nonreverting fund (the Fund), which shall consist of payments received pursuant to prepaid tuition contracts or contributions to savings trust accounts made pursuant to this chapter, bequests, endowments or grants from the United States government, its agencies and instrumentalities, and any other available sources of funds, public or private. Any moneys remaining in the Fund at the end of a biennium shall not revert to the general fund but shall remain in the Fund. Interest and income earned from the investment of such funds shall remain in the Fund and be credited to it.

B. The Plan shall be administered by an ~~eight-member~~ *11-member* Board, as follows: the Director of the State Council of Higher Education for Virginia or his designee; the Chancellor of the Virginia Community College System or his designee; the State Treasurer or his designee; the State Comptroller or his designee; and ~~four~~ *seven* citizens, *four* to be appointed by the Governor, *one* to be appointed by the Senate Committee on Rules in accordance with the Rules of the Senate and *two* to be appointed by the Speaker of the House of Delegates in accordance with the Rules of the House, with significant experience in finance, accounting, law, and or investment management. ~~No person holding a full-time position of employment with the Commonwealth, any county or municipality, any institution of higher education, or any agency, instrumentality, or subdivision of the foregoing shall be eligible for appointment to the Board.~~

~~Of the citizen members to be appointed initially, two shall be appointed for four-year terms, and two shall be appointed for two-year and three-year terms, respectively. Thereafter, all appointments shall be for terms of four years, except that appointments to fill vacancies shall be for the unexpired terms. No person shall be appointed to serve for or during more than two successive four-year terms, but after the expiration of a term of three years or less, or after the expiration of the remainder of a term to which appointed to fill a vacancy, two additional terms may be served by such member if appointed thereto. Should a noncitizen member cease to hold his public office, the vacancy shall be filled for the remainder of the term by his successor.~~

C. Members of the Board shall receive no compensation, but shall be reimbursed for actual expenses incurred in the performance of their duties. The Board shall elect from its membership a chairman, vice-chairman, and a ~~treasurer~~ *secretary* for each calendar year. A majority of the members of the Board shall constitute a quorum.

§ 23-38.77. Powers and duties of Board.

The Board shall administer the Plan established by this chapter and shall develop and implement programs for (i) the prepayment of undergraduate tuition, as defined in § 23-38.75, at a fixed, guaranteed level for application at a two-year or four-year public institution of higher education in the Commonwealth and (ii) contributions to savings trust accounts established pursuant to this chapter on behalf of a qualified beneficiary in order to apply distributions from the account toward qualified higher education expenses at eligible educational institutions, both as defined in § 529 of the Internal Revenue Code of 1986, as amended, or other applicable federal law. In addition, the Board shall have the power and duty to:

1. Invest moneys in the Plan in any instruments, obligations, securities, or property deemed appropriate by the Board;

2. Develop requirements, procedures, and guidelines regarding prepaid tuition contracts and savings trust accounts, including, but not limited to, residency requirements; the number of participants in the Plan; the termination, withdrawal, or transfer of payments under a prepaid tuition contract or savings trust account; time limitations for the use of tuition benefits or savings trust account distributions; and payment schedules;

3. Enter into contractual agreements, including contracts for legal, actuarial, financial, and consulting services;

4. Procure insurance against any loss in connection with the Plan's property, assets, or activities and indemnifying Board members from personal loss or accountability from liability arising from any action or inaction as a Board member;

5. Make arrangements with two-year and four-year public institutions in the Commonwealth to fulfill obligations under prepaid tuition contracts and to apply savings trust account distributions, including, but not limited to, payment from the Plan of the then actual in-state undergraduate tuition cost on behalf of a qualified beneficiary of a prepaid tuition contract to the institution in which the beneficiary is admitted and enrolled and application of such benefits towards graduate-level tuition and towards tuition costs at such eligible educational institutions, as that term is defined in 26 U.S.C. § 529 or any other applicable section of the Internal Revenue Code of 1986, as amended, as determined by the Board in its sole discretion;

6. *Develop and implement scholarship and/or matching grant programs, as the Board may deem*

appropriate, to further its goal of making higher education more affordable and accessible to all citizens of the Commonwealth;

7. Apply for, accept, and expend gifts, grants, or donations from public or private sources to enable it to carry out its objectives;

78. Promulgate regulations and procedures and to perform any act or function consistent with the purposes of this chapter; and

89. Reimburse, at its option, all or part of the cost of employing legal counsel and such other costs as are demonstrated to have been reasonably necessary for the defense of any Board member, officer, or employee of the Plan upon the acquittal, dismissal of charges, nolle prosequi, or any other final disposition concluding the innocence of such member, officer or employee who is brought before any regulatory body, summoned before any grand jury, investigated by any law-enforcement agency, arrested, indicted, or otherwise prosecuted on any criminal charge arising out of any act committed in the discharge of his official duties which alleges a violation of state or federal securities laws. The Board shall provide for the payment of such legal fees and expenses out of funds appropriated or otherwise available to the Board.

§ 23-38.79. Chief executive officer; qualifications; duties.

A. The Board shall employ ~~an executive director~~ *a chief executive officer to direct, manage, and administer the Plan, and* who shall be authorized to employ such staff as necessary to ~~enable the Board to perform its duties as set forth in this chapter, and an actuary to serve as its technical advisor. The Board is authorized to determine the duties and to fix the salaries and compensation of such staff from such funds as may be appropriated or received~~ *accomplish the Plan's stated objectives.*

B. *The chief executive officer shall demonstrate extensive experience in management, finance, law, regulatory affairs and/or investments, and such other qualifications as the Board may set.*

C. *The chief executive officer shall, in addition to such other duties as the Board may establish, (i) oversee the development, structure, evaluation, and implementation of the Plan's strategic goals and objectives; (ii) facilitate communication among and between the Board, advisory committees, employees, account owners, beneficiaries, and outside entities interested in the Plan; (iii) enhance the Board's ability to make effective and prompt decisions in all matters related to the administration of the Plan; (iv) with the assistance of the Investment Advisory Committee appointed by the Board and investment consultants, direct, manage, and administer the Plan's assets and programs; and (v) report periodically and as requested to the Board.*

§ 23-38.79:1. Advisory committees to the Board; membership; terms; qualifications; duties.

A. *To further assist the Board in fulfilling its fiduciary duty as trustee of the funds of the Plan and to assist the chief executive officer in directing, managing, and administering the Plan's assets, the Board shall appoint an Investment Advisory Committee to provide sophisticated, objective, and prudent investment advice.*

1. *Members of the Investment Advisory Committee shall demonstrate extensive experience in any one or more of the following areas: domestic or international equity or fixed-income securities, cash management, alternative investments, institutional real estate investments, or managed futures.*

2. *The Investment Advisory Committee shall (i) review, evaluate, and monitor investments and investment opportunities; (ii) make appropriate recommendations to the Board about such investments and investment opportunities; and (iii) make appropriate recommendations to the Board about overall asset allocation.*

B. *To further assist the Board in fulfilling its responsibilities relating to the integrity of the Plan's financial statements, financial reporting process, and systems of internal accounting and financial controls, the Board shall appoint an Audit and Actuarial Committee.*

1. *Members of the Audit and Actuarial Committee shall demonstrate an understanding of generally accepted accounting principals, generally accepted auditing standards, enterprise risk management principles, and financial statements, and evidence an ability to assess the general application of such principles to the Plan's activities. The members should have experience in preparing, auditing, analyzing, or evaluating financial statements of the same complexity as those of the Plan, and an understanding of internal controls and procedures for financial reporting.*

2. *In order to establish and maintain its effectiveness and independence, the following persons shall not be members of the Audit and Actuarial Committee: (i) current Plan employees; (ii) individuals who have been employees of the Plan in any of the prior three fiscal years; and (iii) immediate family members of an individual currently employed as an officer of the Plan or who has been employed in such a capacity within the past three fiscal years.*

3. *The Audit and Actuarial Committee shall (i) review, examine, and monitor the Plan's accounting and financial reporting processes and systems of internal controls; (ii) review and examine financial statements and financial disclosures and discuss any findings with the Plan's senior management; and (iii) make appropriate recommendations and reports to the Board.*

551 4. *The Audit and Actuarial Committee shall also monitor the Plan's external audit function by (i)*
552 *participating in the retention, review, and discharge of independent auditors; (ii) discussing the Plan's*
553 *financial statements and accounting policies with independent auditors; and (iii) reviewing the*
554 *independence of independent auditors.*

555 C. *In addition, the Board may appoint such other advisory committees as it deems necessary and the*
556 *qualifications for members of any other advisory committee shall be set by the Board by resolution.*

557 D. *Advisory committee members shall serve at the pleasure of the Board and may be removed by a*
558 *majority vote of the Board.*

559 E. *Members of advisory committees shall receive no compensation but shall be reimbursed for actual*
560 *expenses incurred in the performance of their duties.*

561 F. *The disclosure requirements of subsection B of § 2.2-3114 of the State and Local Government*
562 *Conflict of Interests Act shall apply to any member of any advisory committee who is not also a Board*
563 *member.*

564 G. *The recommendations of an advisory committee are not binding upon the Board or the designee*
565 *appointed by the Board to make investment decisions pursuant to subsections A and B of § 23-38.80.*

566 § 23-38.80. Standard of care; investment and administration of Plan.

567 A. In acquiring, investing, reinvesting, exchanging, retaining, selling, and managing property for the
568 benefit of the Plan, the Board, and any person, investment manager, or committee to whom the Board
569 delegates any of its investment authority, shall act as trustee and shall exercise the judgment of care
570 under the circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise
571 in the management of their own affairs, not in regard to speculation but to the permanent disposition of
572 funds, considering the probable income as well as the probable safety of their capital. If the annual
573 accounting and audit required by § 23-38.85 reveal that there are insufficient funds to ensure the
574 actuarial soundness of the Plan, the Board shall be authorized to adjust the terms of subsequent prepaid
575 tuition contracts, arrange refunds for current purchasers to ensure actuarial soundness, or take such other
576 action the Board deems appropriate.

577 B. The assets of the Plan shall be preserved, invested, and expended solely pursuant to and for the
578 purposes of this chapter and shall not be loaned or otherwise transferred or used by the Commonwealth
579 for any other purpose. Within the standard prescribed in subsection A of this section, the Board, and any
580 person, investment manager, or committee to whom the Board delegates any of its investment authority,
581 is authorized to acquire and retain every kind of property and every kind of investment, specifically
582 including but not limited to (i) debentures and other corporate obligations of foreign or domestic
583 corporations; (ii) common or preferred stocks traded on foreign or domestic stock exchanges, ~~limited to~~
584 ~~sixty percent of total trust fund investments based on cost;~~ (iii) not less than all of the stock ~~or 100~~
585 ~~percent ownership~~ of a corporation ~~or other entity~~ organized by the Board under the laws of the
586 Commonwealth for the purposes of acquiring and retaining real property that the Board is authorized
587 under this chapter to acquire and retain; and (iv) securities of any open-end or closed-end management
588 type investment company or investment trust registered under the federal Investment Company Act of
589 1940, as amended, including such investment companies or investment trusts which, in turn, invest in
590 the securities of such investment companies or investment trusts, which persons of prudence, discretion,
591 and intelligence acquire or retain for their own account. Within the limitations of the foregoing standard,
592 the Board may retain property properly acquired, without time limitation and without regard to its
593 suitability for original purchase. This section shall not be construed to prohibit the investment of the
594 Plan, by purchase or otherwise, in bonds, notes, or other obligations of the Commonwealth or its
595 agencies and instrumentalities.

596 Notwithstanding the foregoing, the provisions of this section limiting investments in common or
597 preferred stock traded on foreign or domestic stock exchanges to sixty percent of total trust fund
598 investments based on cost shall not apply to that portion of the Fund attributable to savings trust
599 account contributions and the earnings thereon. All other provisions of this subsection shall apply to the
600 portion of the Fund Plan assets attributable to savings trust account contributions and the earnings
601 thereon.

602 C. The selection of services related to the operation and administration of the Plan, including, but not
603 limited to, contracts or agreements for the management, purchase, or sale of authorized investments or
604 actuarial, record-keeping, or consulting services, shall be governed by the foregoing standard and shall
605 not be subject to the provisions of the Virginia Public Procurement Act (§ 2.2-4300 et seq.).

606 D. No Board member nor any person, investment manager, or committee to whom the Board
607 delegates any of its investment authority who acts within the standard of care set forth in subsection A
608 shall be held personally liable for losses suffered by the Plan on investments made pursuant to this
609 chapter.

610 E. *To the extent necessary to lawfully administer the Plan and in order to comply with federal, state,*
611 *and local tax reporting requirements, the Plan may obtain all necessary social security account or tax*
612 *identification numbers.*

§ 23-38.87. Payroll deductions.

The Commonwealth and its agencies and ~~municipalities~~ *localities and their subdivisions* and any employer in the Commonwealth are authorized to agree, by contract or otherwise, to remit payments or contributions on behalf of an employee toward prepaid tuition contracts or savings trust accounts through payroll deductions.

§ 23-38.87:1. *Liberal construction of chapter.*

Insofar as the provisions of this chapter are inconsistent with the provisions of any other law, general, special, or local, the provisions of this chapter shall be controlling. This chapter shall also constitute full and complete authority, without regard to the provisions of any other law, for the doing of the acts and things herein authorized and shall be liberally construed to effect the purposes hereof.

§ 23-38.88. Eligibility for restructured financial and administrative operational authority.

A. Public institutions of higher education shall be eligible for the following restructured financial and operational authority:

1. To dispose of their surplus materials at the location where the surplus materials are held and to retain any proceeds from such disposal as provided in subdivision B 14 of § 2.2-1124;

2. To have the option, as provided in subsection C of § 2.2-1132 and pursuant to the conditions and provisions under such subsection, to contract with a building official of the locality in which construction is taking place and for such official to perform any inspection and certifications required for the purpose of complying with the Uniform Statewide Building Code (§ 36-97 et seq.) pursuant to subsection C of § 36-98.1;

3. For those public institutions of higher education that have in effect a signed memorandum of understanding with the Secretary of Administration regarding participation in the nongeneral fund decentralization program as set forth in the appropriation act, as provided in subsection C of § 2.2-1132, to enter into contracts for specific construction projects without the preliminary review and approval of the Division of Engineering and Buildings of the Department of General Services, provided such institutions are in compliance with the requirements of the Virginia Public Procurement Act (§ 2.2-4300 et seq.) and utilize the general terms and conditions for those forms of procurement approved by the Division and the Office of the Attorney General;

4. To acquire easements as provided in subdivision 4 of § 2.2-1149;

5. To enter into an and/or lease or capital lease pursuant to the conditions and provisions provided in subdivision 5 of § 2.2-1149;

6. To convey an easement pertaining to any property such institution owns or controls as provided in subsection C of § 2.2-1150;

7. In accordance with the conditions and provisions of subdivision C 2 of § 2.2-1153, to sell surplus real property valued at less than \$5 million, which is possessed and controlled by the institution;

8. For purposes of compliance with § 2.2-4310, to procure goods, services, and construction from a vendor that the institution has certified as a small, women-, and minority-owned business enterprise pursuant to the conditions and provisions provided in § 2.2-1404.1;

9. To be exempt from review of their budget request for information technology by the CIO as provided in subdivision A 4 of § 2.2-2007;

10. To be allowed to establish policies for the designation of administrative and professional faculty positions at the institution pursuant to the conditions and provisions provided in subsection E of § 2.2-2901;

11. To receive the financial benefits described under § 2.2-5005 pursuant to the conditions and provisions of such section;

12. To be exempt from reporting its purchases to the Secretary of Education, provided that all purchases, including sole source purchases, are placed through the Commonwealth's electronic procurement system using proper system codes for the methods of procurement;

13. To utilize as methods of procurement a fixed price, design-build or construction management contract notwithstanding the provisions of § 2.2-4306; and

14. The restructured financial and operational authority set forth in Subchapter 2 (§ 23-38.90) and Subchapter 3 (§ 23-38.91 et seq.) of this chapter.

No such authority shall be granted unless the institution meets the conditions set forth in this chapter.

B. The Board of Visitors of a public institution of higher education shall commit to the Governor and the General Assembly by August 1, 2005, through formal resolution adopted according to its own bylaws, to meeting the state goals specified below, and shall be responsible for ensuring that such goals are met, in addition to such other responsibilities as may be prescribed by law. Each such institution shall commit to the Governor and the General Assembly to:

1. Consistent with its institutional mission, provide access to higher education for all citizens throughout the Commonwealth, including underrepresented populations, and, consistent with subdivision 4 of § 23-9.6:1 and in accordance with anticipated demand analysis, meet enrollment projections and

674 degree estimates as agreed upon with the State Council of Higher Education for Virginia. Each such
675 institution shall bear a measure of responsibility for ensuring that the statewide demand for enrollment is
676 met;

677 2. Consistent with § 23-9.2:3.03, ensure that higher education remains affordable, regardless of
678 individual or family income, and through a periodic assessment, determine the impact of tuition and fee
679 levels net of financial aid on applications, enrollment, and student indebtedness incurred for the payment
680 of tuition and fees;

681 3. Offer a broad range of undergraduate and, where appropriate, graduate programs consistent with
682 its mission and assess regularly the extent to which the institution's curricula and degree programs
683 address the Commonwealth's need for sufficient graduates in particular shortage areas, including specific
684 academic disciplines, professions, and geographic regions;

685 4. Ensure that the institution's academic programs and course offerings maintain high academic
686 standards, by undertaking a continuous review and improvement of academic programs, course
687 availability, faculty productivity, and other relevant factors;

688 5. Improve student retention such that students progress from initial enrollment to a timely
689 graduation, and that the number of degrees conferred increases as enrollment increases;

690 6. Consistent with its institutional mission, develop articulation agreements that have uniform
691 application to all Virginia community colleges and meet appropriate general education and program
692 requirements at the four-year institution, provide additional opportunities for associate degree graduates
693 to be admitted and enrolled, and offer dual enrollment programs in cooperation with high schools;

694 7. Actively contribute to efforts to stimulate the economic development of the Commonwealth and
695 the area in which the institution is located, and for those institutions subject to a management agreement
696 set forth in Subchapter 3 (§ 23-38.91 et seq.) of this chapter, in areas that lag the Commonwealth in
697 terms of income, employment, and other factors;

698 8. Consistent with its institutional mission, increase the level of externally funded research conducted
699 at the institution and facilitate the transfer of technology from university research centers to private
700 sector companies;

701 9. Work actively and cooperatively with elementary and secondary school administrators, teachers,
702 and students in public schools and school divisions to improve student achievement, upgrade the
703 knowledge and skills of teachers, and strengthen leadership skills of school administrators;

704 10. Prepare a six-year financial plan consistent with § 23-9.2:3.03;

705 11. Conduct the institution's business affairs in a manner that maximizes operational efficiencies and
706 economies for the institution, contributes to maximum efficiencies and economies of state government as
707 a whole, and meets the financial and administrative management standards as specified by the Governor
708 pursuant to § 2.2-5004 and included in the appropriation act that is in effect, which shall include best
709 practices for electronic procurement and leveraged purchasing, information technology, real estate
710 portfolio management, and diversity of suppliers through fair and reasonable consideration of small,
711 women-, and minority-owned business enterprises; and

712 12. Seek to ensure the safety and security of the Commonwealth's students on college and university
713 campuses.

714 Upon making such commitments to the Governor and the General Assembly by August 1, 2005, the
715 public institution of higher education shall be allowed to exercise the restructured financial and
716 operational authority set forth in subdivisions A 1 through A 13 of § 23-38.88, subject to such
717 conditions as may be provided under the enabling statutes granting the additional authority.

718 C. As provided in § 23-9.6:1.01, the State Council of Higher Education shall in consultation with the
719 respective chairmen of the House Committees on Education and Appropriations and the Senate
720 Committees on Finance and Education and Health or their designees, representatives of public
721 institutions of higher education, and such other state officials as may be designated by the Governor,
722 develop objective measures of educational-related performance and institutional performance benchmarks
723 for such objective measures. At a minimum, the State Council shall develop such objective measures
724 and institutional performance benchmarks for the goals and objectives set forth in subdivisions B 1
725 through B 10 and B 12. In addition, the Governor shall develop objective measures of financial and
726 administrative management performance and related institutional performance benchmarks for the goals
727 and objectives set forth in subdivision B 11.

728 As provided in subsection C of § 23-9.6:1.01, any public institution of higher education that has been
729 certified during the fiscal year by the State Council of Higher Education for Virginia as meeting the
730 institutional performance benchmarks in effect for the fiscal year as set forth in the general appropriation
731 act shall be provided the financial benefits under § 2.2-5005. Such benefits shall first be provided as
732 determined under such section.

733 D. 1. The restructured financial and operational authority set forth in Subchapter 3 (§ 23-38.91 et
734 seq.) of this chapter shall only be granted in accordance with the expressed terms of a management
735 agreement between the public institution of higher education and the Commonwealth.

No restructured financial or operational authority set forth in Subchapter 3 (§ 23-38.91 et seq.) of this chapter shall be granted to a public institution of higher education unless such authority is expressly included in the management agreement. In addition, the only implied authority that shall be granted from entering into a management agreement is that implied authority that is actually necessary to carry out the expressed grant of restructured financial or operational authority. As a matter of law, the initial presumption shall be that any restructured financial or operational authority set forth in Subchapter 3 is not included in the management agreement. These requirements shall also apply to any other provision included in Subchapter 3.

2. No public institution of higher education shall enter into a management agreement unless:

a. (i) Its most current and unenhanced bond rating received from (a) Moody's Investors Service, Inc., (b) Standard & Poor's, Inc., or (c) Fitch Investor's Services, Inc. is at least AA- (i.e., AA minus) or its equivalent, provided that such bond rating has been received within the last three years of the date that the initial agreement is entered into or (ii) the institution has (a) participated in decentralization pilot programs in the areas of finance and capital outlay, (b) demonstrated management competency in those two areas as evidenced by a written certification from the Cabinet Secretary or Secretaries designated by the Governor, (c) received additional operational authority under a memorandum of understanding pursuant to § 23-38.90 in at least one functional area, and (d) demonstrated management competency in that area for a period of at least two years. In submitting "The Budget Bill" for calendar year 2005 pursuant to subsection A of § 2.2-1509, the Governor shall include criteria for determining whether or not an institution has demonstrated the management competency required by clause (ii) of this subdivision;

b. An absolute two-thirds, or more, of the institution's governing body shall have voted in the affirmative for a resolution expressing the sense of the body that the institution is qualified to be, and should be, governed by the provisions of Subchapter 3 (§ 23-38.91 et seq.) of this chapter, which resolution shall be included in the initial management agreement;

c. The institution agrees to reimburse the Commonwealth for any additional costs to the Commonwealth in providing health or other group insurance benefits to employees, and in undertaking any risk management program, that are attributable to the institution's exercise of any restructured financial or operational authority set forth in Subchapter 3. The institution's agreement to reimburse the Commonwealth for such additional costs shall be expressly included in each management agreement with the institution. The Secretary of Finance and the Secretary of Administration, in consultation with the Virginia Retirement System and the affected institutions, shall establish procedures for determining any amounts to be paid by each institution and a mechanism for transferring the appropriate amounts directly and solely to the programs whose costs have been affected.

In developing management agreements, public institutions of higher education shall give consideration to potential future impacts of tuition increases on the Virginia College Savings Plan (§ 23-38.75) and shall discuss such potential impacts with parties participating in development of such agreements. The ~~executive director~~ *chief executive officer* of the Virginia College Savings Plan shall provide to the institution and such parties the Plan's assumptions underlying the contract pricing of the program; and

d. Before executing a management agreement with the Commonwealth that affects insurance or benefit programs administered by the Virginia Retirement System, the Governor shall transmit a draft of the relevant provisions to the Board of Trustees of the Virginia Retirement System, which shall review the relevant provisions in order to ensure compliance with the applicable provisions of Title 51.1, administrative policies and procedures and federal regulations governing retirement plans. The Board shall advise the Governor and appropriate Cabinet Secretaries of any conflicts.

3. Each initial management agreement with an institution shall remain in effect for a period of three years. Subsequent management agreements with the institution shall remain in effect for a period of five years.

If an existing agreement is not renewed or a new agreement executed prior to the expiration of the three-year or five-year term, as applicable, the existing agreement shall remain in effect on a provisional basis for a period not to exceed one year. If, after the expiration of the provisional one-year period, the management agreement has not been renewed or a new agreement executed, the institution shall no longer be granted any of the financial or operational authority set forth in Subchapter 3 (§ 23-38.91 et seq.) of this chapter, unless and until such time as a new management agreement is entered into between the institution and the Commonwealth.

The Joint Legislative Audit and Review Commission, in cooperation with the Auditor of Public Accounts, shall conduct a review relating to the initial management agreement with each public institution of higher education. The review shall cover a period of at least the first 24 months from the effective date of the management agreement. The review shall include, but shall not be limited to, the degree of compliance with the expressed terms of the management agreement, the degree to which the

797 institution has demonstrated its ability to manage successfully the administrative and financial operations
798 of the institution without jeopardizing the financial integrity and stability of the institution, the degree to
799 which the institution is meeting the objectives described in subsection B, and any related impact on
800 students and employees of the institution from execution of the management agreement. The Joint
801 Legislative Audit and Review Commission shall make a written report of its review no later than June
802 30 of the third year of the management agreement. The Joint Legislative Audit and Review Commission
803 is authorized, but not required, to conduct a similar review of any management agreement entered into
804 subsequent to the initial agreement.

805 4. The right and power by the Governor to void a management agreement shall be expressly included
806 in each management agreement. The management agreement shall provide that if the Governor makes a
807 written determination that a public institution of higher education that has entered into a management
808 agreement with the Commonwealth is not in substantial compliance with the terms of the agreement or
809 with the requirements of this chapter in general, (i) the Governor shall provide a copy of that written
810 determination to the chairmen of the Board of Visitors or other governing body of the public institution
811 of higher education and to the members of the General Assembly, and (ii) the institution shall develop
812 and implement a plan of corrective action, satisfactory to the Governor, for purposes of coming into
813 substantial compliance with the terms of the management agreement and with the requirements of this
814 chapter, as soon as practicable, and shall provide a copy of such corrective action plan to the members
815 of the General Assembly. If after a reasonable period of time after the corrective action plan has been
816 implemented by the institution, the Governor determines that the institution is not yet in substantial
817 compliance with the management agreement or the requirements of this chapter, the Governor may void
818 the management agreement. Upon the Governor voiding a management agreement, the affected public
819 institution of higher education shall not be allowed to exercise any restructured financial or operational
820 authority pursuant to the provisions of Subchapter 3 (§ 23-38.91 et seq.) unless and until the institution
821 enters into a subsequent management agreement with the Secretary or Secretaries designated by the
822 Governor or the void management agreement is reinstated by the General Assembly.

823 5. A management agreement with a public institution of higher education shall not grant any of the
824 restructured financial or operational authority set forth in Subchapter 3 (§ 23-38.91 et seq.) of this
825 chapter to the Virginia Cooperative Extension and Agricultural Experiment Station, the University of
826 Virginia College at Wise, or the Virginia Institute of Marine Sciences or to an affiliated entity of the
827 institution unless such intent, as well as the degree of the restructured financial or operational authority
828 to be granted, is expressly included in the management agreement.

829 6. Following the execution of each management agreement with a public institution of higher
830 education and submission of that management agreement to the Chairmen of the House Committee on
831 Appropriations, the House Committee on Education, the Senate Committee on Finance, and the Senate
832 Committee on Education and Health pursuant to § 23-38.97, the Governor shall include a
833 recommendation for approval of the management agreement in "The Budget Bill" submitted pursuant to
834 subsection A of § 2.2-1509 or in his gubernatorial amendments submitted pursuant to subsection E of
835 § 2.2-1509 due by the December 20 that immediately follows the date of submission of the management
836 agreement to such Committees. Following the General Assembly's consideration of whether to approve
837 or disapprove the management agreement as recommended, if the management agreement is approved as
838 part of the general appropriation act, it shall become effective on the effective date of such general
839 appropriation act. However, no management agreement shall be entered into by a public institution of
840 higher education and the Secretary or Secretaries designated by the Governor after November 15 of a
841 calendar year.

842 E. A covered institution and the members of its governing body, officers, directors, employees, and
843 agents shall be entitled to the same sovereign immunity to which they would be entitled if the institution
844 were not governed by this chapter; provided further, that the Virginia Tort Claims Act (§ 8.01-195.1 et
845 seq.) and its limitations on recoveries shall remain applicable with respect to institutions governed by
846 this chapter.