MEMORANDUM OF UNDERSTANDING
BETWEEN
VIRGINIA STATE UNIVERSITY
AND
THE VIRGINIA STATE UNIVERSITY REAL ESTATE FOUNDATION CONCERNING
FINANCIALLY RELATED TRANSACTIONS AND
ADMINISTRATIVE PROCEDURES

Purpose:

Whereas the name of the corporation is Virginia State University Real Estate Foundation, hereinafter referred to as the “Real Estate Foundation”, a Virginia nonstock corporation. The Real Estate Foundation is organized and shall be operated to receive, maintain and administer assets in perpetuity exclusively for charitable and educational purposes within the meaning of section 501(c)(3) of the Internal Revenue Code by conducting and supporting activities which promote the advancement and further the aims and purposes of Virginia State University, hereinafter referred to as the “University”, a Virginia public corporation and an organization described in sections 501(c)(3) and 170(b)(1)(A)(ii) of the Internal Revenue Code.

Policy A: Subject to the terms of the Support Agreement between the University and the Real Estate Foundation dated November 1, 2002 (the “Support Agreement”), it is the intention of the parties that the University Apartments at Ettrick (“UAE”) at all times shall be treated as part of the University’s student housing program on an equal basis with the University’s student housing facilities, and that the University shall take all such action as may reasonably be required for carrying out this intention of the parties. As long as the Bonds sold to finance the development of UAE are outstanding, the University shall operate UAE as part of its student housing system.

Policy B: The Real Estate Foundation shall not use the seal of the University in the promotion of its business and activities.

Policy C: If the Real Estate Foundation dissolves, and after all of its liabilities and obligations have been paid, satisfied and discharged, or adequate provisions made therefor, all of the Real Estate Foundation’s remaining assets shall be distributed to the University if it is then an organization described in sections 501(c)(3) and 170(c)(2)(b) of the Internal Revenue Code, and if not, to one or more organizations selected by the Real Estate Foundation’s Board of Directors (the “Board of Trustees”) that are then organized and operated exclusively for charitable or educational purposes within the meaning of sections 501(c)(3) and 170(c)(2)(b) of the Internal Revenue Code.
Policy D: The University agrees to provide technology support services and internet services as well as online access to such University files as are relevant to the business and purpose of the Real Estate Foundation and the benefit of students and to provide access to the University’s auxiliary services including graphics, mail service, event scheduling, and related activities. The University and the Real Estate Foundation will enter into an independent agreement for each service to be provided. All such services shall be provided at nominal rates. The University will bill the Real Estate Foundation for such service(s) monthly and payment should be remitted to the University within thirty (30) days of receipt of the monthly billing.

Policy E: The University shall together with the manager of UAE, to the extent possible, provide that rent for units in UAE is billed and collected in the same or similar manner as the rent for the University’s housing facilities unless otherwise agreed to by the Real Estate Foundation. The University shall, to the extent possible, impose the same sanctions against students residing in UAE who fail to pay rent as it does against students in its own student housing facilities including, but not limited to, the withholding of official transcripts. The Real Estate Foundation shall provide the University with information regarding UAE and take all such other action as may be required to facilitate the performance of its duties under the Support Agreement. The Real Estate Foundation shall in any management contract for UAE with a party other than the University include provisions requiring the manager of UAE to implement appropriate procedures to facilitate the University’s undertakings under the Support Agreement. The University’s responsibilities with regard to the matters outlined in this Policy E shall include collecting and processing student payments, at the beginning of and during each semester’s registration process, on behalf of the rents owed to the Real Estate Foundation; remitting such collections to the Real Estate Foundation on a monthly basis; through the Student Accounts Office, generating a monthly outstanding receivables report for the unpaid UAE housing charges and providing the same to the Real Estate Foundation and the manager of UAE; at the end of each semester, performing, through the Student Accounts Office, due diligence to collect any remaining outstanding balances; placing “holds” on student accounts that are not current, which may prevent the student from receiving the following University services:

a) Transcripts
b) Current grades
c) Registration for upcoming semester classes
d) Future assignment to campus or UAE housing;

clearing holds from student accounts when balances are paid in full; placing remaining unpaid student accounts with external collection agencies and subjecting them to the Tax Debt Set-Off program and other collection actions in the same manner as other student accounts; reporting and submitting amounts recovered as well as amounts written off to the Real Estate Foundation on a monthly basis; and subjecting unpaid student accounts to the University’s debt collection and write-off policy. The Real Estate Foundation, or its UAE manager, will submit charges to be assessed for damages or other fees, to the University’s Student Accounts Office (with a copy to the Residence Life and Housing Office), along with supporting documentation and management approval of the charge.
Policy F: All communication to the Real Estate Foundation, including the receipt of gifts and property, shall be addressed to and processed by the Development Office of the University (the "Development Office"). The Development Office shall employ, if necessary, the personnel or contractor service, as agreed upon by the University and the Real Estate Foundation to process such gifts.

Policy G: All definitions of what constitutes endowment, quasi-endowment, unrestricted gifts and restricted gifts shall be obtained through reference to statements of the Governmental Accounting Standards Board and the Financial Accounting Standards Board, and to authoritative literature issued by the American Institute of Certified Public Accountants and National Association of College and University Business Officers.

Policy H: The University shall maintain a set of accounts in its accounting records that shall (1) reflect the receipt of any and all funds on behalf of the Real Estate Foundation and (2) record the purposes for which those funds were expended.

Policy I: The Real Estate Foundation shall provide the University Controller with quarterly compilation statements, including accounting activity and balances for all Real Estate Foundation accounts, if applicable.

Policy J: A Real Estate Foundation representative shall attend or provide a report to each University Board of Visitors meeting concerning the activities of the Real Estate Foundation.

Policy K: A plan for the repayment of funds due to the University from the Real Estate Foundation will be established by mutual agreement and ratified on or about November 1 of each year, the first plan to be established by November 1, 2006. The Loan Agreements dated September 20, 2002 and April 19, 2002 from the University to the Real Estate Foundation shall be reviewed to determine the appropriate classification (short term or long term) and once determined, updated regarding the payment terms of the notes.

Policy L: The University will provide final fiscal year financial information and transfer of funds to the Real Estate Foundation no later than July 15th of each year. The Real Estate Foundation, with assistance from outside auditors, shall provide audited financial statements to the University so that converted GASB 35 schedules can be accomplished by September 15th or earlier of each year to facilitate compliance with GASB Statement 39, regarding the inclusion of the Real Estate Foundation as a component unit of the University, provided the University and Real Estate Foundation accounting systems have been concurrently updated. The parties recognize, however, that the University must comply with GASB Statement 39 to receive an unqualified audit opinion.

Policy M: The Real Estate Foundation will make available to the University a copy of its IRS Form 990.

Policy N: The Board of Trustees of the Real Estate Foundation should exercise close oversight of charges for services and negotiated contracts on fee, and have a clear understanding of the amount of expected cost, and maintain formal documentation on the work performed by accounting and bookkeeping firms retained for such services.
Policy O: The parties agree that the University is not liable, and will not be held out as liable, for any of the Real Estate Foundation's contracts or agreements of whatever nature, and shall not be liable for torts, or other acts or omissions of the Real Estate Foundation's Board of Trustees, officers, staff or activity participants. In addition, the parties agree that nothing herein shall be deemed a waiver of the sovereign immunity of the University, its officers and employees acting in their official capacities, or the Commonwealth of Virginia.

Policy P: The Real Estate Foundation will report to the University any changes in the Board of Trustees membership, mission, or purpose.

Policy O: The Real Estate Foundation's Board of Trustees shall always include the University President or a designee and an appointed member from the University's Board of Visitors.

Policy R: The University and Real Estate Foundation shall review this Memorandum of Understanding (MOU) on an annual basis to determine if additional terms and conditions are required or existing terms and conditions need to be modified or deleted. If changes are not required this MOU shall continue in full force and effect as it currently exists with no other action required; provided, however, that both the University and Real Estate Foundation shall re-ratify and re-execute this MOU, as may be amended, whenever it is amended, and every five years from the date of original execution.

VIRGINIA STATE UNIVERSITY

By: __________________________
Name: GEORGE M. HAMPTON
Title: VICE PRESIDENT
Date: August 31, 2006

VIRGINIA STATE UNIVERSITY
REAL ESTATE FOUNDATION

By: __________________________
Name: JAYDE E. HENDON
Title: PRESIDENT
Date: 8/11/06