



VIRGINIA COMMONWEALTH UNIVERSITY

FINANCE, BUDGET AND INVESTMENT COMMITTEE

11:00 A.M.**

**SEPTEMBER 14, 2017
JAMES BRANCH CABELL LIBRARY
901 PARK AVENUE – ROOM 303
RICHMOND, VIRGINIA**

DRAFT

OPEN SESSION AGENDA

- 1. CALL TO ORDER** **Mr. William Ginther, Chair**

- 2. APPROVAL OF AGENDA**

- 3. APPROVAL OF MINUTES** **Mr. William Ginther, Chair**
[\(May 12, 2017\)](#)

- 4. ACTION ITEMS:**
 - a. COMMITTEE CHARTER AND PLANNER **Ms. Karol Kain Gray, Vice
President for Finance and Budget**

 - b. FINANCIAL ASSUMPTIONS IN THE SIX YEAR PLAN

 - c. RESOLUTIONS:
 - i. 9(d) Virginia College Building Authority Debt Financing
 - ii. 2015 A General Revenue Pledge Bond
 - iii. Quasi and Glasgow Admin Fee

 - d. ARCHITECT/ENGINEER SELECTION: **Dr. Meredith Weiss, Vice President
for Administration**
 - i. Scott House Renovation
 - ii. West Hospital Eighth Floor Renovation
 - iii. West Main Street Parking Deck Restoration
 - iv. MCV Campus Steam Line Installation

 - e. AMENDMENT TO SIX YEAR CAPITAL PLAN
 - i. MCV Campus Steam Line Replacement
 - ii. Engineering School including Project Plans
 - iii. Energy Performance

 - f. APPROVAL OF PROCUREMENT PROCEDURES
 - i. Construction Management at Risk
 - ii. Design-Build Construction Procurement

**** The start time for the Board of Visitors meeting is approximate only. The meeting may begin either before or after the listed approximate start time as Board members are ready to proceed.**

5. REPORT FROM VICE PRESIDENT FOR ADMINISTRATION

**Dr. Meredith Weiss, Vice President
for Administration**

- a. MASTER SITE PLAN UPDATE

6. REPORT FROM VICE PRESIDENT FOR FINANCE AND BUDGET

**Ms. Karol Kain Gray, Vice
President for Finance and Budget**

- a. NEW BUDGET MODEL UPDATE

7. TREASURER’S REPORT

**Ms. Karol Kain Gray, Vice
President for Finance and Budget**

**8. MISCELLANEOUS REPORTS:
For Informational Purposes Only**

Mr. William Ginther, Chair

- a. Revenue and Expense Summary as of June 30, 2017
- b. VCU Health System and Financial Operations as of June 30, 2017
- c. Capital Projects Update
- d. Dashboards
- e. Agency Risk Management and Internal Controls Standards (ARMICS)
- f. Board of Visitors Fund Annual Report as of June 30, 2017
- g. SWAM Report

9. CLOSED SESSION

Mr. William Ginther, Chair

Freedom of Information Act Section 2.2-3711 (A) (3), Relating to the Acquisition or Disposition of Real Property Adjacent to the Monroe Park Campus, and Section 2.2—3711 (A) (29), Relating to the negotiation and award of a contract, prior to a contract being awarded.

10. RETURN TO OPEN SESSION

Mr. William Ginther, Chair

11. OTHER BUSINESS

Mr. William Ginther, Chair

12. ADJOURNMENT

Mr. William Ginther, Chair

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**MEETING
OF THE
FINANCE, BUDGET AND INVESTMENT COMMITTEE
11:00 A.M.
MAY 12, 2017
JAMES CABELL LIBRARY
901 PARK AVENUE, ROOM 303, RICHMOND, VIRGINIA**

MINUTES

DRAFT

COMMITTEE MEMBERS PRESENT

Mr. William M. Ginther, chair
Ms. Phoebe Hall, vice rector
Mr. Keith Parker
Honorable John W. Snow
Ms. Jacquelyn Stone
Dr. Shantaram Talegaonkar
Mr. Steve L. Worley

COMMITTEE MEMBER ABSENT

Mr. Alexander B. McMurtrie, Jr., Vice Chair

BOARD MEMBERS PRESENT

Mr. John A. Luke Jr., rector

OTHERS PRESENT

Ms. Karol Kain Gray, Vice President for Finance and Budget
Dr. Meredith Weiss, Vice President of Administration

Staff and students from VCU and VCUHS

Members of the press

CALL TO ORDER

Mr. William M. Ginther, Chair of the Finance, Budget and Investment Committee, called the meeting to order at 11:17 a.m.

APPROVAL OF MINUTES

Mr. Ginther asked for a motion to approve the minutes of the March 22, 2017 meeting of the Finance, Budget and Investment Committee, as published. After motion duly made and seconded the Minutes of the March 22, 2017 were approved. A copy of the minutes can be found at on the VCU website at the following webpage

<http://www.president.vcu.edu/board/committeeminutes.html>.

ACTION ITEMS

PROPOSED 2017-18 TUITION AND FEES AND UNIVERSITY BUDGET PLAN

Ms. Karol Kain Gray, Vice President for Finance and Budget, explained the need to approve the proposed tuition rate for FY18 as well as approve the Education and General (E&G) as well as the all funds portions of the University Budget. As a follow-up to the April 6 Budget Workshop meeting, the Committee discussed the proposed budget and the associated tuition and fees rates.

After questions on unavoidable expenses and initiatives that will not be funded due to state budget cuts of \$3.8 million, Mr. Ginther asked for a motion to recommend approval to the full board the proposed 2017-187 tuition and fees rate of 3.8% and the all funds university budget plan.

2018-2024 SIX YEAR CAPITAL PLAN

Dr. Meredith Weiss reviewed the capital outlay priorities for the next three biennia. The projects are segregated into those requesting state funding support and those funded with University funds. The projects will be revised in 2019 based on the new academic strategic plan and the new master site plan.

AMENDMENTS TO PREVIOUS SIX YEAR CAPITAL PLANS

- i. Raleigh Building Renovation – budget amendment to add \$845,768 (university funded) related to unforeseen conditions encountered during construction.
- i. Scott House Renovation – Renovation of 1910 historic building for antiquated building systems to create usable meeting and office space . Total project cost = \$7 million with University sharing half those costs along with state support.

After discussion, Mr. Ginther asked for a motion to recommend approval to the full board. . After motion duly made and seconded, the committee unanimously approved the University moving forward with the 2018-2024 Capital Plan and the two capital amendments to previous plans.

REPORT FROM VICE PRESIDENT OF ADMINISTRATION

Dr. Weiss provided notification of the contract award for the Allied Health Professions Building. This new building will be located on the southwest corner of the block bounded by Leigh Street, 9th Street, Turpin Street and 10th Street. In order to construct the School of Allied Health Professions building on this site, the low rise dormitories; Bear Hall, Warner Hall, Rudd Hall and McRae Hall, located at 600 North 10th Street on the MCV Campus, were demolished.

The contract was awarded to The Whiting-Turner Contracting Company, Richmond, Virginia. The Guaranteed Maximum Price Contract is \$61,494,549 and the total budget for this project is \$80,331,549 from State Supported Debt, University Supported Debt, and Auxiliary Enterprise.

REPORT FROM VICE PRESIDENT OF FINANCE AND BUDGET

Ms. Gray provided an update on the new budget model reporting that the model is ready for parallel reporting in FY2018 and that the Steering Committee approved allocation methods for E&G and Sponsored Research. The focus is now on reporting processes and infrastructure, and training for key personnel. Ms. Gray also presented the Treasurer's Report that was distributed to the Board for informational purposes.

REPORTS FOR INFORMATIONAL PURPOSES

Mr. Ginther noted that there were several reports provided to the committee for informational purposes, specifically, the Revenue and Expense Summary as of March 31, 2017; the VCU Health System and Financial Operations as of March 31, 2017; Capital Projects Update; and the Finance, Budget & Investment Committee Dashboards.

CLOSED SESSION

On motion made and seconded, the meeting of the Finance, Budget and Investment Committee convened into closed session pursuant to Sections 2.2-3711 (A) (3) of the Virginia Freedom of Information Act for the discussion or consideration of the acquisition of real property for a public purpose, or of the disposition of publicly held real property where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body.

RECONVENED SESSION

Following the closed session, the public was invited to return to the meeting. Mr. Ginther, Chair, called the meeting to order. On motion duly made and seconded the following resolution of certification was approved by a roll call vote:

Resolution of Certification

BE IT RESOLVED, that the joint meeting of the Finance, Budget and Audit Committee and the Board of Visitors of Virginia Commonwealth University certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements under this chapter 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 by which the closed session was convened were heard, discussed or considered by the Committee of the Board.

<u>Vote</u>	<u>Ayes</u>	<u>Nays</u>
Mr. John A. Luke, Jr., Rector	X	
Mr. William Ginther	X	
Ms. Phoebe B. Hall, Vice Rector	X	
Mr. Keith Parker	X	
Ms. Jacquelyn E. Stone	X	
Dr. Shantaram Talegaonkar	X	
Mr. Steve L. Worley	X	

All members responding affirmatively, the resolution of certification was unanimously adopted.

Mr. Ginther asked for a motion to recommend to the full Board approval of the real estate item discussed in closed session and to authorize the President and/or his to negotiate and execute a commercial lease on the terms discussed in closed session. After motion duly made and seconded the Committee approved the motion, with Mr. Ginther and Ms. Hall recusing themselves from the vote citing conflict of interest reasons.

ADJOURNMENT

There being no further business Mr. Ginther, Chair, adjourned the meeting at 11:54 a.m.

VIRGINIA COMMONWEALTH UNIVERSITY BOARD OF VISITORS

FINANCE, BUDGET, AND INVESTMENT COMMITTEE CHARTER

I. PURPOSE

The primary purpose of the Finance, Budget, and Investment Committee (“Committee”) is to assist the Board of Visitors in fulfilling its objectives and fiduciary responsibilities related to applicable policy/ies and oversight of:

- University finances and investments
- University policies on debt management
- University facilities planning, design, construction and renovation.
- University purchase and divesture of land, including any easements.

The Committee is responsible for reviewing financial statements, budgets, debt, investments, cash management, six-year financial operating and capital plans, and make corresponding recommendations to the Board of Visitors all for the purpose of maintaining a sound fiscal standing. In addition and contributing to fiscal standing, the Committee is responsible for reviewing the University’s tuition and fee charges for each year. The Committee directly oversees the investment of the cash management pool and reviews the financial activities of any foundation or organization established to benefit the University, including foundations, partnerships, or other affiliated entities.

The Committee also approves selection of engineers and architects for University construction capital projects exceeding \$2 million, approves the renovation or replacement of outdated facilities and equipment, and approves project plans for construction projects exceeding \$2 million, approves the acquisition of all property, and the sale and demolition of property.

University management is responsible for day to day operation of the University within the established authorities, under the governance of the Committee.

II. COMPOSITION AND INDEPENDENCE

The Committee will be comprised of three or more Visitors. In addition to complying with the Commonwealth of Virginia’s Conflict of Interest laws and any University policies, each member must be free from any financial, family or other material personal relationship that, in the opinion of the Board or the Committee members, would impair their independence from management and the University. Committee members should also refrain from activities that a reasonable person would view as unethical or contrary to the institutional mission.

III. **RESPONSIBILITIES**

In performing its oversight responsibilities, the Committee shall:

A. **General:**

1. Adopt a formal written charter that specifies the Committee's scope of responsibility. The charter should be reviewed annually and updated as necessary.
2. Maintain minutes of open session meetings.
3. Report Committee actions to the Board of Visitors with such recommendations as the Committee may deem appropriate.
4. Consistent with state law, the Committee may meet in closed session (with or without members of senior management present) with the external auditors and/or the Vice President for Finance and Administration to discuss matters that the Committee or any of these groups believe should be discussed privately.
5. Become well acquainted with all of the information and pertinent facts under the purview of the Committee.
6. Implement best practices across the institution for financial management.
7. Ensure that the institution is operating efficiently, effectively and appropriately with regard to the use of public and other funds to support its stated mission.

B. **Financial Policy and Investments:**

1. Review recommendations of the Administration concerning new or revised financial policy and make appropriate recommendations to the Board of Visitors.
2. Review financial assumptions upon which budgets are based.
3. Review and recommend approval of the six-year financial plan and operating budget.
4. Review and recommend approval of the six-year capital outlay plan and capital outlay budget, and all amendments to the plan.
5. Review periodically and compare financial operating results with appropriate budgets and benchmarks.
6. Approve major design changes to the VCU Optional Retirement Plan.
7. Review annual financial statements and supporting schedules and report to the Board the results of that review.
8. Serve, with the advice of the Investment Advisory Subcommittee, as an investment committee and oversee University investment policies and activities including direct management of the University's cash investment pool and monitoring of the policies and activities of the University-related private foundations.
9. Review annually the BOV Fund.
10. Review quarterly the University Efficiencies.
11. Review quarterly the F&A Dashboard.

C. **Facilities Planning and Debt Management:**

1. Review and recommend approval of the master site plan.
2. Review and recommend approval of plans for new construction and major renovation projects in accordance with Board-approved procedures.
3. Review and recommend approval of the six year capital outlay program and amendments thereto.
4. Review and recommend to the Board all debt issuance and review debt management policies.
5. Review and recommend approval of property acquisition or disposition of real estate and other interests therein.
6. Consider such other matters relating to the maintenance and security of the University's buildings and grounds and the care and preservation of the University's furnishings and equipment as may warrant its consideration.

D. **Emergency Preparedness:**

1. Review and recommend approval of plans pertaining to emergency preparedness and campus security.

E. **Administration:**

1. Review and approve the Committee charter annually and any significant updates to the charter.
2. Review and approve the annual Committee work plan and any significant changes to the plan.
3. Review the qualifications of the Committee members, staff and the level of staffing by the institution as needed.
4. Review annually the Deficit Disclosure.
5. Annual Investment Conflict of Interest Disclosure Statement.
6. Review annually all Investment Policy Statements – specifically asset allocations.
7. Review reports of the Financial Integrity and Stewardship Committee as needed.
8. Review annually Agency Risk Management and Internal Control Standards (ARMICS)

F. **Tuition and Fees:**

1. Review and recommend tuition and fee charges if needed to provide guidance to the Board.

IV. **MEETINGS**

The Committee will meet at least four times annually. Additional meetings may occur more frequently as circumstances warrant. The Committee Chair should communicate with the Vice President of Finance and Administration prior to each Committee meeting to finalize the meeting agenda and review the matters to be discussed.

**Virginia Commonwealth University
Board of Visitors**

Finance, Budget, and Investment Committee Meeting Planner

A=Annually; Q=Quarterly; AN=As Necessary	Frequency			Planned Timing			
Q1, Q2, Q3, Q4 based on Fiscal Year (July – June)	A	Q	AN	Q1	Q2	Q3	Q4
				Sept	Dec	Feb	May
A. General							
1. Adopt a formal written charter that specifies the Committee’s scope of responsibility. The charter should be reviewed and updated as necessary.	X			X			
2. Maintain minutes of open session meetings.		X		X	X	X	X
3. Report Committee actions to the Board of Visitors with such recommendations as the Committee may deem appropriate.		X		X	X	X	X
4. Consistent with state law, the Committee may meet in closed session (with or without members of senior management present) with the external auditors and/or the Vice President for Finance and Administration to discuss matters that the Committee or any of these groups believe should be discussed privately.	X		X				X
5. Become well acquainted with all of the information and pertinent facts under the purview of the Committee.			X				
6. Implement best practices across the institution for financial management.			X				
7. Ensure that the institution is operating efficiently, effectively and appropriately with regard to the use of public and other funds to support its stated mission.			X				
B. Financial Policy and Investments							
1. Review recommendations of the Administration concerning new or revised financial policy and make appropriate recommendations to the Board of Visitors.			X				
2. Review financial assumptions upon which budgets are based.	X						X
3. Review and recommend approval of the six-year financial plan and operating budget.	X			X			
4. Review and recommend approval of the six-year capital outlay plan and capital outlay budget, and all amendments to the plan.	X		X				X
5. Review periodically and compare financial operating results with appropriate budgets and benchmarks.		X		X	X	X	X
6. Approve major design changes to the VCU Optional Retirement Plan			X				
7. Review annual financial statements and supporting schedules and report to the Board the results of that review.	X					X	
8. Serve, with the advice of the Investment Advisory Subcommittee, as an investment committee and oversee University investment policies and activities including direct management of the University's cash investment			X				

A=Annually; Q=Quarterly; AN=As Necessary	Frequency			Planned Timing			
Q1, Q2, Q3, Q4 based on Fiscal Year (July – June)	A	Q	AN	Q1	Q2	Q3	Q4
				Sept	Dec	Feb	May
pool and monitoring of the policies and activities of the University-related private foundations.							
9. Review the BOV Fund	X			X			
10. Review the University Efficiencies		X		X	X	X	X
11. Review the F&A Dashboard		X		X	X	X	X
C. Facilities Planning and Debt Management							
1. Review and recommend approval of the master site plan.			X				
2. Review and recommend approval of plans for new construction and major renovation projects in accordance with Board-approved procedures.		X		X	X	X	X
3. Review and recommend approval of the six year capital outlay program and amendments thereto.	X		X				X
4. Review and recommend to the Board all debt issuance and review debt management policies.	X		X		X		
5. Review and recommend approval of property acquisition or disposition of real estate and other interests therein.			X				
6. Consider such other matters relating to the maintenance and security of the University's buildings and grounds and the care and preservation of the University's furnishings and equipment as may warrant its consideration.			X				
D. Emergency Preparedness							
1. Review and recommend approval of plans pertaining to emergency preparedness and campus security			X				
E. Administration							
1. Review and approve the Committee charter and any significant updates to the charter.	X			X			
2. Review and approve the Committee work plan and any significant changes to the plan.	X			X			
3. Review the qualifications of the Committee members, staff and the level of staffing by the institution.			X				
4. Review the Deficit Disclosure.	X						X
5. Investment Conflict of Interest Disclosure Statement.	X						X
6. Review the Investment Policy Statements – Asset Allocation	X			X			
7. Review reports of the Financial Integrity and Stewardship Committee			X				
8. Review the Agency Risk Management and Internal Control Standards (ARMICS)	X			X			

A=Annually; Q=Quarterly; AN=As Necessary	Frequency			Planned Timing			
Q1, Q2, Q3, Q4 based on Fiscal Year (July – June)	A	Q	AN	Q1	Q2	Q3	Q4
				Sept	Dec	Feb	May
F. Tuition and Fees							
1. Review and recommend tuition and fee charges.	¹						X

¹ Annually in April a Special Meeting of the BOV may be held to discuss the Budget Plan and Proposed Tuition and Fees.

SCHEV Six Year Plan – 2018-19, 2019-20 Biennium

Karol Kain Gray, VP Finance & Budget



VCU

Six Year Plan Guidelines:

The Virginia Higher Education Opportunity Act of 2011 requires institutions to submit six-year plans highlighting enrollment projections, academic strategies, and financial revenue projections.

- New plans are submitted every odd year for the next biennium.
- Financial plan data covers the next two upcoming years (FY 2019, FY2020) while enrollment planning encompasses six years
- Figures are for planning purposes only and are not considered as binding on the Board of Visitors.
- Plans must be submitted by July 1 with subsequent review, revision, and approval by the Board of Visitors and the State as required.
- Anticipate changes in next year's plan reflecting new Strategic Plan

Six Year Plan Guidelines:

Each institution's strategic priorities must be linked to Statewide strategic plan goals including:

- Promoting strong economic growth in the Commonwealth and preparing Virginians for the top job opportunities in the knowledge-driven economy of the 21st century
- Enabling the Commonwealth to build upon the strengths of its excellent higher education system
- Ensuring these opportunities are accessible and affordable for all capable and committed Virginians

Funding sources for plan are limited to state general funds (at current act levels), tuition increases and internal reallocations.

Strategic Planning to Advance Distinction

Quest for Distinction: 2012-2018

- I. Provide students with high quality learning/living experiences that contribute to success as leaders in a well-educated workforce
- II. Contribute to human health, research, scholarship, and creative expression that advance knowledge and enhance quality of life
- III. Engage with our community and impact our region

Links
to

Virginia Plan for Higher Education

1. Provide affordable access for all
2. Optimize student success for work and for life
3. Drive change and improvement through innovation and investment
4. Advance economic and cultural prosperity

Financial Assumptions

FY 2019 & FY2020 Assumptions

- Minimal enrollment growth from FY 2018 to FY 2025
- 4.1% increase in total tuition and mandatory non-E&G fees
- Limited State support assumed:
 - Approximately ½ of salary merit increases for faculty and staff
 - Health-related initiatives
- \$4.7M in FY2019 will be reallocated to provide funding for Six Year Plan strategies (growing to \$6.4M in FY2020)

Six Year Plan Funding Summary

*FY20 figures inclusive of FY19 growth

Initiative Category	2018-2019	2019-2020*
Student Financial Aid	\$5.6	\$9.6
Timely Degree Completion	\$4.7	\$7.4
Faculty Recruitment & Retention	\$4.6	\$6.5
Competitive Compensation	\$9.6	\$18.5
Adjunct Faculty	\$1.0	\$1.5
Massey Cancer Center	\$2.0	\$2.0
Health Sciences & Research Initiatives	\$2.4	\$2.5
Maintenance Reserve/New O&M	\$1.1	\$2.5
Total Academic & Financial Plan	<u>\$31.0</u>	<u>\$50.5</u>
Funding Category		
State Support	\$7.6	\$12.1
Internal Reallocation	\$5.8	\$6.4
Tuition Revenue	\$17.6	\$32.0
Total Funding Plan	<u>\$31.0</u>	<u>\$50.5</u>

FY 2019 & FY2020 Six Year Plan key strategies

Student access and success \$10.3M

- Continued growth in Financial aid
- Expansion of timely degree completion initiative
- Provide relevant experiential and applied learning experiences for all VCU students (REAL)
- Expand Online@VCU

Faculty and staff recruitment and retention \$15.2M

- iCubed and other tenured and tenure track hiring
- Annual merit increases (3%) for faculty and staff
- Faculty promotion and tenure increase
- Rate increases for adjunct faculty

FY 2019 & FY2020 Six Year Plan key strategies

Health and Research- based initiatives \$3.1M (requests for State support)

- Strengthen support for the Massey Cancer Center
- Health Sciences initiatives including Health Equity plan and coordination of opioid abuse education, training and interventional programs
- Research initiatives through Virginia Research Investment Fund

Facility Maintenance \$1.1M

- Increased maintenance reserve funding plus new facility support

VCU continues to drive development and expansion around its urban campuses

Completed in Recent Biennium

- Two new living/learning residences opened
- VCU Basketball Practice Facility (*private \$s*)
- Cabell Library Addition (*% private \$s*)
- Relocation of VCU Police headquarters
- Space renovation to create Math Exchange
- Sanger Hall renovations: Phases I & II
- Continued acquisition of property to support future development

Efforts Underway

- Institute for Contemporary Art (Private \$s)
- Gladding Residence Center – VCU’s first public/private partnership
- School for Allied Health Professions
- School of Engineering Research Building
- Research facilities plan
- Master site plan

Planned for new biennium

- Humanities & Sciences Phases I & II
- Oliver Hall Physical Science Wing renovation
- Sanger Hall renovations: Phase III

Approval of 9(d) Virginia College Building Authority Debt Financing Resolution

FINANCE, BUDGET AND INVESTMENT COMMITTEE

The following project has been authorized to be financed pursuant to Section 9(d) of Article X of the Constitution of Virginia and will seek financing for up to \$10.8 million plus amounts needed to fund issuance costs, reserve funds and other financing expenses:

Construct New Allied Health Professions Building (Project #18206): **\$10,800,000**

The Construct New Allied Health Professions Building project will construct a 154,100 gross square foot building with additional classroom, teaching laboratory, and faculty office space for the School of Allied Health Professions. The new building will allow the School to consolidate its operations into a single building and to increase enrollment in some of the University's most in-demand programs. The project is located at the corner of 10th Street and Leigh Street on the MCV Campus. The total project cost is approximately \$87.3 million, which will be funded with \$10.8 million of debt and \$76.5 million of state appropriations. Debt service payments will be paid by the School of Allied Health Professions from tuition and fee revenues.

The bonds for the project will be issued through the Virginia College Building Authority (VCBA), and the university will enter into a loan agreement and promissory note subject to the following parameters: (a) the principal amount to be paid under the Note allocable to any component of the Project, together with the principal amount of any other indebtedness with respect to such component, shall not be greater than the amount authorized for such component by the General Assembly plus amounts needed to fund issuance costs, original issue discount, other financing (including without limitation refunding) expenses and any other increase permitted by law; (b) the aggregate principal amount of the Note shall in no event exceed \$10,800,000 as the same may be so increased; (c) the aggregate interest rate payable under the Note shall not exceed a "true" or "Canadian" interest cost more than 50 basis points higher than the interest rate for "AA" rated securities with comparable maturities, as reported by Thomson Municipal Market Data (MMD) or another comparable service or index, as of the date that the interest rates are determined, taking into account any original issue discount or premium; (d) the weighted average maturity of the principal payments due under the Note shall not exceed 20 years after the original issue date of the Note; (e) the last principal payment date under the Note shall not extend beyond the reasonably expected weighted economic life of the Project; and (f) subject to the foregoing, the actual amount, interest rates, principal maturities, and date of the Note shall be approved by an Authorized Officer, as evidenced by the execution thereof.

The resolution identifies (1) the Vice President for Finance and Budget, and (2) the University Treasurer as each being authorized 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.

**RESOLUTION OF THE BOARD OF VISITORS OF
VIRGINIA COMMONWEALTH UNIVERSITY
VIRGINIA COLLEGE BUILDING AUTHORITY FINANCING AUTHORIZATION**

WHEREAS, pursuant to and in furtherance of Chapter 3.2, Title 23 of the Code of Virginia of 1950, as amended (the “Act”), the Virginia College Building Authority (the “Authority”) developed a program (the “Program”) to purchase debt instruments issued by public institutions of higher education in the Commonwealth of Virginia (“Participating Institutions” and each a “Participating Institution”) to finance or refinance projects of capital improvement (“Capital Projects” and each a “Capital Project”) included in a bill passed by a majority of each house of the General Assembly of Virginia (the “General Assembly”);

WHEREAS, under the Program the Authority from time to time issues its Educational Facilities Revenue Bonds (Public Higher Education Financing Program) (“Pooled Bonds”) to finance the purchase or refunding of debt instruments issued by Participating Institutions to finance or refinance Capital Projects;

WHEREAS, if a Participating Institution desires to finance or refinance a Capital Project through the Program it must enter into a loan agreement with the Authority, under which: (i) the Participating Institution will issue its promissory note pursuant to Chapter 3, Title 23 of the Code of Virginia of 1950, as amended, to evidence a loan to it by the Authority; (ii) the Authority will agree to issue Pooled Bonds and use proceeds thereof to purchase the promissory note; (iii) the Participating Institution will agree to use proceeds of Pooled Bonds, loaned to it and received in exchange for its promissory note, to finance or refinance the Capital Project and to not take actions that may jeopardize any federal tax-exempt status of interest on Pooled Bonds allocable to financing or refinancing the Capital Project; and (iv) the Participating Institution will agree to make payments under the promissory note in sums sufficient to pay, together with certain administrative and arbitrage rebate payments, the principal of, premium, if any, and interest due on such Pooled Bonds;

WHEREAS, the Board of Visitors (the “Board”) of Virginia Commonwealth University (the “Institution”) from time to time desires to finance or refinance Capital Projects for the Institution as a Participating Institution under the Program, and now proposes that the Institution issue its promissory note or notes (collectively, the “Note”) to be sold to the Authority in accordance with a loan agreement or loan agreements between the Institution and the Authority (collectively, the “Loan Agreement”), under which proceeds of Pooled Bonds will be loaned to and received by the Institution in exchange for the Note, to finance or refinance costs of the following Capital Projects authorized for bond financing by the General Assembly: the Construct New Allied Health Professions Building (Project Code 18206) (collectively, the “Project”); and

WHEREAS the Board desires to designate certain Institution officers (i) delegated the authority to approve the forms of and to execute and deliver the Loan Agreement, the Note and any amendments thereto, and any other documents necessary or desirable in connection with financing or refinancing costs of the Project through and participation in the

Program; and (ii) responsible for monitoring post-issuance compliance with covenants of the Institution related to maintaining any federal tax-exempt status of interest on Pooled Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD:

Section 1. The Project is hereby designated to be undertaken and financed or refinanced by the Authority and, accordingly, the Vice President for Finance and Budget and the University Treasurer (collectively, the “Authorized Officers”) are each hereby delegated and invested with full power and authority to approve the forms of the Loan Agreement, the Note and any amendments thereto (in connection with any refunding of Pooled Bonds financing or refinancing the Project or otherwise), and any pledge to the payment of the Note and any amendment thereto of 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 or previous binding contract to be devoted to some other purpose, restricted by a gift instrument for another purpose or excluded from such pledge as provided in the Loan Agreement, subject to the provisions of Section 3 hereof.

Section 2. Subject to the provisions of Section 3 hereof, the Authorized Officers are each hereby delegated and invested with full power and authority to execute, deliver and issue, on behalf of the Institution, (a) the Loan Agreement, the Note and any amendments thereto (in connection with any refunding of Pooled Bonds financing or refinancing the Project or otherwise), with approval of such documents in accordance with Section 1 hereof evidenced conclusively by the execution and delivery of the respective document, and (b) any other documents, instruments or certificates as may be deemed necessary or desirable to finance or refinance costs of the Project through and participate in the Program, and to further carry out the purposes and intent of this resolution. The Authorized Officers are authorized and directed to take such steps and deliver such certificates in connection with delivery of the Note, and any amendment thereto, as may be required under any existing obligations, including bond resolutions relating to any outstanding general revenue pledge bonds, and to notify Virginia Department of Treasury representatives serving as Authority staff at least 60 days in advance of a pledge of any amounts pledged to the payment of the Note in accordance with Section 1 hereof to, or as security for, the payment of any other Institution obligations issued or entered into after the date hereof for so long as the Note and any amendments thereto remain outstanding.

Section 3. The authorizations given above as to the approval, execution, delivery and issuance of the Loan Agreement, the Note and any amendments thereto (in connection with any refunding of Pooled Bonds financing or refinancing the Project or otherwise) are subject to the following parameters: (a) the principal amount to be paid under the Note allocable to any component of the Project, together with the principal amount of any other indebtedness with respect to such component, shall not be greater than the amount authorized for such component by the General Assembly plus amounts needed to fund issuance costs, original issue discount, other financing (including without limitation refunding) expenses and any other increase permitted by law; (b) the aggregate principal amount of the Note shall in no event exceed \$10,800,000 as the same may be so increased; (c) the aggregate interest rate payable under the Note shall not exceed a “true” or “Canadian” interest cost more than 50 basis points higher than the interest rate for “AA” rated securities with comparable maturities, as reported by

Thomson Municipal Market Data (MMD) or another comparable service or index, as of the date that the interest rates are determined, taking into account any original issue discount or premium; (d) the weighted average maturity of the principal payments due under the Note shall not exceed 20 years after the original issue date of the Note; (e) the last principal payment date under the Note shall not extend beyond the reasonably expected weighted economic life of the Project; and (f) subject to the foregoing, the actual amount, interest rates, principal maturities, and date of the Note shall be approved by an Authorized Officer, as evidenced by the execution thereof.

Section 4. The Board acknowledges that if there is a failure to make, as and when due, any payment of the principal of, premium, if any, and interest on any promissory note issued by the Institution as a Participating Institution to the Authority under the Program, including without limitation the Note and any amendments thereto, the State Comptroller is authorized under the Program and Section 23-30.29:3 of the Code of Virginia of 1950, as amended, to charge against appropriations available to the Institution all future payments of principal of, premium, if any, and interest on such promissory note when due and payable and to make such payments to the Authority or its designee, so as to ensure that no future default will occur on such promissory note.

Section 5. The Board agrees that if the Authority determines the Institution as a Participating Institution shall be subject to continuing disclosure obligations under Rule 15c2-12 of the federal Securities and Exchange Commission with respect to any Pooled Bonds, (a) an Authorized Officer shall, and is hereby authorized and directed to, enter into a continuing disclosure undertaking in form and substance reasonably satisfactory to the Authority, and (b) the Institution will comply with the provisions and disclosure obligations contained therein.

Section 6. The Board designates the University Treasurer to be responsible for implementing procedures to monitor post-issuance compliance with covenants in any loan agreement between the Institution as a Participating Institution and the Authority, including the Loan Agreement and any amendments thereto, related to maintaining tax-exempt status for federal income tax purposes of interest on any Pooled Bonds, including without limitation monitoring the use of any portion of all Capital Projects for the Institution financed or refinanced with such Pooled Bonds and compliance with any applicable federal income tax remedial action requirements in connection with certain changes in such use. Such officer shall review such post-issuance compliance at least annually for so long as such Pooled Bonds remain outstanding.

Section 7. This resolution shall take effect immediately upon its adoption.

Adopted: September 14, 2017

_____, Secretary
**BOARD OF VISITORS OF
VIRGINIA COMMONWEALTH UNIVERSITY**

**RESOLUTION OF THE BOARD OF VISITORS
OF
VIRGINIA COMMONWEALTH UNIVERSITY**

**AMENDING PRIOR RESOLUTIONS OF THE BOARD RELATING TO
THE UNIVERSITY'S \$27,000,000 SERIES 2015A GENERAL REVENUE PLEDGE
BOND**

WHEREAS, on June 11, 2015 the University issued its \$27,000,000 General Revenue Pledge Bond, Series 2015A (the "Bond") for the purpose of financing various projects at the University;

WHEREAS, the Bond was issued pursuant to a bond resolution dated June 11, 2015 approved by the University's Associate Vice President for Finance and Administration, as authorized by a resolution adopted by the Board on May 8, 2015 (collectively, the "Resolutions"); and

WHEREAS, the University desires to amend the Resolutions to expand the projects eligible to be financed with the proceeds of the Bond to include University-owned parking facilities located in or around the University's campus.

**NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF VISITORS OF
VIRGINIA COMMONWEALTH UNIVERSITY:**

1. The Resolutions are hereby amended to include within the definition of "Project" therein any University-owned parking facilities located in or around the University's campus.
2. Except as modified hereby, the Resolutions are hereby reaffirmed and ratified in all respects.
3. This resolution shall take effect immediately upon its adoption.

Adopted this 14th day of September, 2017

Secretary of the Board of Visitors of
Virginia Commonwealth University

Consented to by:

TD Bank, N.A., sole Bondholder

By: _____
Its: _____

Endowment Administrative Fee

Virginia Commonwealth University

Finance, Budget and Investment Committee

September 14, 2017



VCU

Proposal for Endowment Administrative Fee

- Currently, VCU has one true endowment from the Glasgow trust as well as the quasi-endowment approved by the BOV in December 2016 that are not managed by a foundation.
- Foundations are assessing 100 basis points in administrative fees, with the exception of the School of the Engineering Foundation which assess 50 basis points.
- Proposing a 100 basis point fee on endowments administered by the university for the purpose of funding central finance and development budgets.

Proposal for Endowment Administrative Fee

100 Basis Points

Quasi Endowment

Market Value as of July 31, 2017	\$ 100,257,363
Board-designated - corpus	<u>90,000,000</u>
Appreciation	<u>\$ 10,257,363</u>
4.5% Payout	\$ 4,050,000
Administrative Fee	<u>900,000</u>
Total distribution	<u>\$ 4,950,000</u>

Glasgow Endowment

3 Year Market Average as of June 30, 2017	\$ 48,389,579
Corpus	<u>44,592,359</u>
Appreciation	<u>\$ 3,797,220</u>
4.5% Payout	\$ 2,171,844
Administrative Fee	<u>483,896</u>
Total distribution	<u>\$ 2,655,740</u>
Total Administrative Fee	<u>\$ 1,383,896</u>

RESOLUTION OF THE BOARD OF VISITORS OF
VIRGINIA COMMONWEALTH UNIVERSITY

APPROVAL OF ENDOWMENT ADMINISTRATIVE FEE

WHEREAS, the Board of Visitors wishes to fund institutional priorities by instituting an administrative fee on the University-held endowments and the quasi endowment;

WHEREAS, each of the University's affiliated foundations charge a similar administrative fee;

WHEREAS, investment returns and a prudent spending policy have resulted in an accumulation of excess appreciation on the University-held endowments and the quasi endowment; and

WHEREAS, an increase in endowment distributions through the addition of an administrative fee can be implemented without affecting the sustainability of future payouts on the University-held endowments and the quasi endowment.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF VISITORS OF VIRGINIA COMMONWEALTH UNIVERSITY:

1. That the University shall implement an administrative fee on the University-held endowments and the quasi-endowment of 1.00 percent of each endowment's market value, or 100 basis points (bps).
2. This Resolution shall take effect immediately upon its adoption.

RESOLUTION OF THE BOARD OF VISITORS OF
VIRGINIA COMMONWEALTH UNIVERSITY

APPROVAL OF ENDOWMENT ADMINISTRATIVE FEE

WHEREAS, the Board of Visitors wishes to fund institutional priorities by instituting an administrative fee on the University-held endowments and the quasi endowment;

WHEREAS, each of the University's affiliated foundations charge a similar administrative fee;

WHEREAS, investment returns and a prudent spending policy have resulted in an accumulation of excess appreciation on the University-held endowments and the quasi endowment; and

WHEREAS, an increase in endowment distributions through the addition of an administrative fee can be implemented without affecting the sustainability of future payouts on the University-held endowments and the quasi endowment.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF VISITORS OF VIRGINIA COMMONWEALTH UNIVERSITY:

1. That the University shall implement an administrative fee on the University-held endowments and the quasi-endowment of 1.00 percent of each endowment's market value, or 100 basis points (bps).
2. This Resolution shall take effect immediately upon its adoption.

VIRGINIA COMMONWEALTH UNIVERSITY
Architect/Engineer Selection
Scott House Renovation

DESCRIPTION: This project will consist of renovations to the Scott House on the Monroe Park Campus. The work will consist of major repairs to the building exterior including masonry, windows and doors. Interior work will include new restrooms, new HVAC system, electrical upgrades and an elevator.

Construction Budget \$5,000,000
Total Budget \$7,000,000

SOURCE OF FUNDS:

University Funds\$3,500,000
General Fund \$3,500,000

ANNOUNCEMENTS: A request for proposals was announced in the following publications on the following dates:

eVA April 24, 2017
Richmond Times Dispatch April 28, 2017

LETTERS OF INTENT:

Proposals were received from 8 firms that qualified under the selection process.

SELECTION COMMITTEE:

Mary Cox, FAIA	University Architect, Facilities Management
Donald Cosgrove	Director, Facilities Construction Management
Heidi Jack	Director of Academic Finance and Administration, Office of the Provost
Mike Trzesniowski	Director of Engineering and Utilities, Facilities Management
Caren Girard	Interior Design Manager, Facilities Management
Keith Van Inwegen	Project Manager, Facilities Management
Margaret Kelland	Campus Coordinator, Facilities Management

FIRMS INTERVIEWED:

Glave & Holmes Architecture, P.C.
Preservation Design Partnership, LLC
Quinn Evans Architects
RRMM Architects, P.C.

FIRM RECOMMENDED:

Glave & Holmes Architecture

JUSTIFICATION: Glave & Holmes Architecture brings to the project extensive experience in historic preservation. They have broad experience with the Commonwealth of Virginia's building code officials and they successfully completed the feasibility study for this project in 2015. This study assessed the conditions of the structure and recommended a scope of work and budget for the renovation.

PRINCIPALS
OF FIRM: H. Randolph Holmes, Jr., AIA

LOCATION: Glave & Holmes Architecture
2101 East Main Street
Richmond, Va. 23223

RECOMMENDATION: Approve the firm selected.

VIRGINIA COMMONWEALTH UNIVERSITY
Architect/Engineer Selection
West Hospital Eighth Floor Renovation

DESCRIPTION: The purpose of the project is to modernize outdated and inefficient facilities to accommodate the newly created division of cardio-oncology in two wings on the eighth floor of West Hospital.

Construction Budget\$1,640,000
Total Budget.....\$2,480,000

SOURCE OF FUNDS: School of Medicine Funds\$2,480,000

TERM CONTRACT: The limited scope of design for this project enables VCU to select the architect/engineer from a pool of architectural and engineering firms that were chosen under the University's term contract selection process.

FIRM RECOMMENDED: KOP Architects, PC

JUSTIFICATION: This firm was selected because of its extensive experience with VCU and in working on renovations of this type and magnitude.

PRINCIPALS OF FIRM: Hal Downing, Donald Guthrie, Edward Gillikin

LOCATION: 211 Ruthers Road, Suite 203
Richmond, VA 23235-5396

RECOMMENDATION: Approve the firm selected.

VIRGINIA COMMONWEALTH UNIVERSITY
Architect/Engineer Selection
West Main Street Deck Restoration

DESCRIPTION: This project includes structural repairs to the West Main Street parking deck on the Monroe Park Campus which is used by students and visitors. The work will consist of repairing deteriorated concrete, cracks in concrete columns, girders and beams, and replacement of deteriorated expansion joints. The project will also repair cracks in the stair towers and replace the elevators and the lighting.

Construction Budget\$5,040,000
Total Budget.....\$5,828,000

SOURCE OF FUNDS: University Debt.....\$5,000,000
Parking & Transportation Funds.....\$1,000,000

TERM CONTRACT: The limited scope of design for this project enables VCU to select the architect/engineer from a pool of architectural and engineering firms that were chosen under the University's term contract selection process.

FIRM RECOMMENDED: Dunbar, Milby, Williams, Pittman & Vaughan

JUSTIFICATION: This firm was selected because of its extensive experience with VCU and in working on renovations of this type and magnitude.

PRINCIPALS OF FIRM: Kenneth Pittman

LOCATION: 1025 Boulders Parkway
Suite 310
Richmond, VA 23225

RECOMMENDATION: Approve the firm selected.

VIRGINIA COMMONWEALTH UNIVERSITY
Architect/Engineer Selection
MCV Campus Steam Line Installation

DESCRIPTION: The purpose of the project is to increase the capacity of the steam line to serve future buildings on the VCU and VCU Health System Master Plans.

Construction Budget\$3,200,000
Total Budget.....\$4,000,000

SOURCE OF FUNDS: Steam Plant Auxiliary Reserve.....\$4,000,000

TERM CONTRACT: The limited scope of design for this project enables VCU to select the architect/engineer from a pool of architectural and engineering firms that were chosen under the University's term contract selection process.

FIRM RECOMMENDED: Draper Aden, PC

JUSTIFICATION: This firm was selected because of its extensive experience with VCU and in working on projects of this type and magnitude.

PRINCIPALS OF FIRM: Lee O. White

LOCATION: 8090 Villa Park Drive
Richmond, VA 23228

RECOMMENDATION: Approve the firm selected.

VIRGINIA COMMONWEALTH UNIVERSITY
Amendment to 2016-2022 Six-Year Capital Plan
MCV Steam Line Installation

DESCRIPTION

This project is to upgrade the steam and condensate line along Duval Street. This line serves the northern area of the MCV Campus. The improvements will allow sufficient capacity to serve new facilities and expanded needs for steam service. The \$4,000,000 cost will be paid from MCV steam plant auxiliary reserves.

BACKGROUND

The VCU University master plan and VCU Health System master plan identify potential long term capacity deficiencies in the steam infrastructure on the north branch steam line along Duval Street. The north branch serves the N Deck (including child care center), Larrick Student Center, Cabaniss Dormitory, Biotech 1, Biotech Center, and the School of Allied Health Professions. The expanded line will serve the VCU Health System's proposed Adult Outpatient Clinic.

PURPOSE

The purpose of this project is to provide sufficient steam delivery capacity for proposed future construction of VCU Health System and University facilities.

OPERATING COST

Operating costs associated with the steam distribution are included in the rates charged to existing facilities served. As new facilities are constructed, those facilities will be charged for steam consumption.

RECOMMENDATION

Approve amendment of the 2016-2022 Six-Year Capital Plan to include the MCV steam line installation project at a cost not to exceed \$4,000,000.

VIRGINIA COMMONWEALTH UNIVERSITY
Amendment to 2016-2022 Six-Year Capital Plan
Engineering Research Expansion

DESCRIPTION

This is a request to increase the size and budget for the School of Engineering research expansion project approved for construction in the 2016 General Assembly session. The University is proposing to increase the size of the facility from 120,000 to 133,000 gross square feet and to increase the budget from \$86,000,000 to \$92,000,000. The additional \$6,000,000 in cost will be financed by the School of Engineering.

BACKGROUND

In May 2015, the Board of Visitors approved the 2016-2022 Six-Year Capital Plan which included an \$86,000,000 School of Engineering research expansion capital project. Funding was to be shared 50/50 between State- and University-supported debt. As planning progressed, the University determined that to meet program needs, the size of the project should increase from 120,000 to 133,000 gross square feet.

PURPOSE

The School of Engineering is poised for enrollment growth and anticipates reaching maximum capacity in its existing facilities in 2017. Additionally, the School has recruited top tier researchers consistent with the University's Quest for Distinction strategic plan and expects to continue on this track. In order to provide adequate instructional facilities, the School needs to construct new robust research facilities for faculty who will then vacate sub- standard laboratory space which can be converted to instructional use. This project provides a new four story research laboratory building with related support space adjacent to East Hall to enable the VCU School of Engineering to reach its strategic goals.

OPERATING COST

The annual operating cost for the building is estimated to be \$ 1,672,169 which will be paid by the School of Engineering.

RECOMMENDATION

Approve amendment of the 2016-2022 Six-Year Capital Plan to include a \$6,000,000 increase in the estimated cost of the School of Engineering research expansion project.

VIRGINIA COMMONWEALTH UNIVERSITY
Project Plan
School of Engineering Research Expansion

Purpose of the Project

The School of Engineering is poised for enrollment growth and anticipates reaching maximum capacity in its existing facilities in 2017. Additionally, the School has recruited top tier researchers consistent with the University's Quest for Distinction strategic plan and expects to continue on this track. In order to provide adequate instructional facilities, the School needs to construct new robust research facilities for faculty who will then vacate sub-standard laboratory space which can be converted to instructional use. This project provides a new four story research laboratory building with related support space adjacent to East Hall to enable the VCU School of Engineering research its strategic goals.

Location

This project is located at the northeast corner of Cary and Belvidere Street

Project Alternatives

Three alternatives were evaluated.

1. Do Nothing - This alternative would prevent the School of Engineering from meeting their strategic goals.
2. Renovation - There is no space in existing engineering facilities available for renovation.
3. New Construction - The preferred alternative is to build a new facility to allow the expansion of research facilities to meet the School's strategic goals.

Timetables

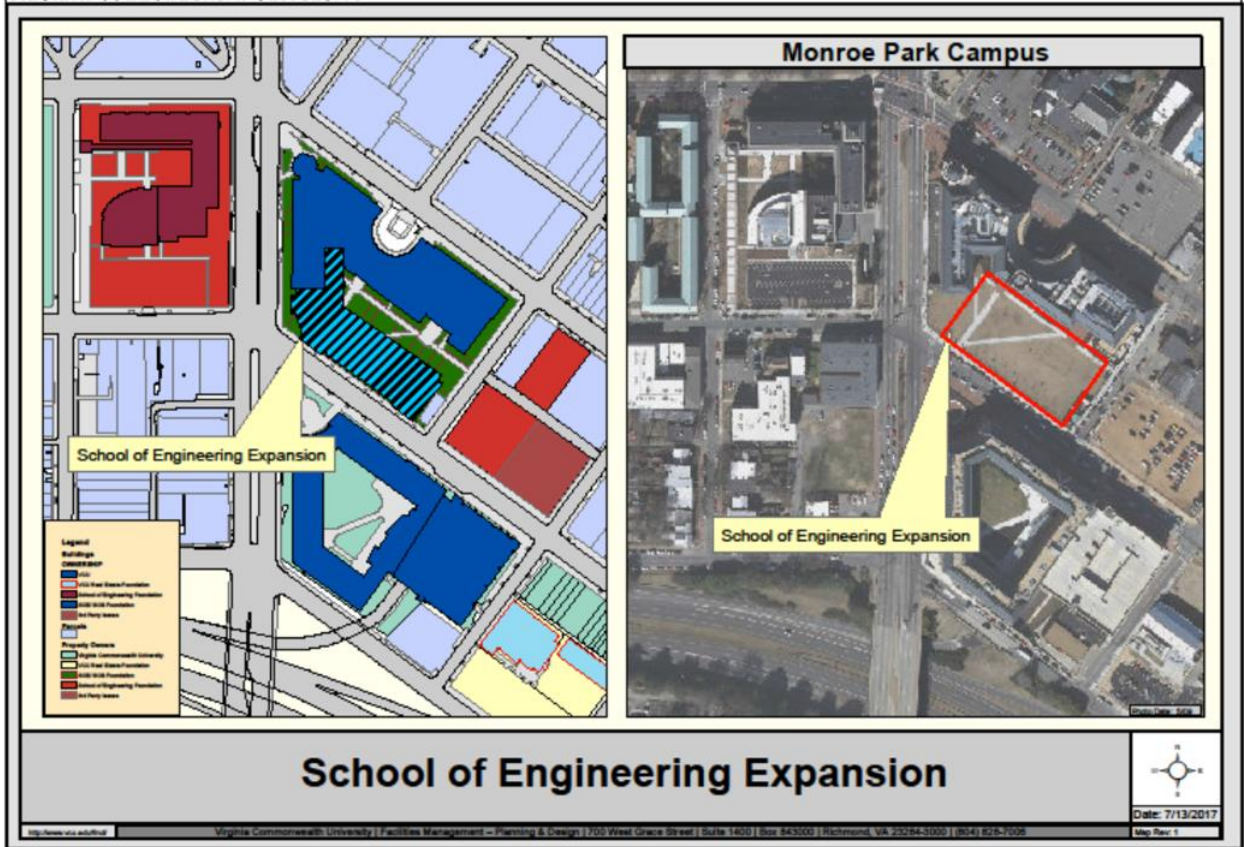
Complete Planning	May 2018
Construction Starts	August 2018
Construction Complete	June 2020

Project Design

The project includes new construction of research laboratories and related support space, career services, a collaboration hub, maker space and a vivarium to support the School of Engineering's strategic goals. The new wing will frame an enclosed courtyard with amenities to enhance student engagement and interaction.

Recommendation

Approve the project plan



Perspective view from Cary Street looking east

CARY STREET ELEVATION



View of the courtyard looking west



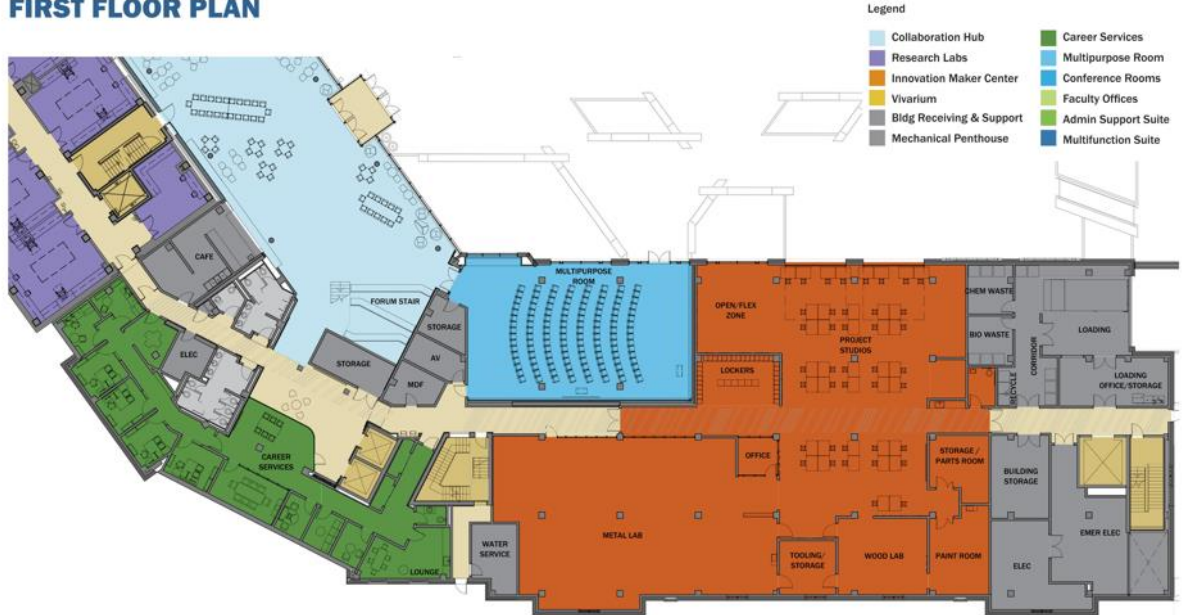
EAST ELEVATION



Basement Plan (vivarium)



FIRST FLOOR PLAN



SECOND FLOOR PLAN



THIRD FLOOR PLAN



Legend

- Collaboration Hub
- Research Labs
- Innovation Maker Center
- Vivarium
- Bldg Receiving & Support
- Mechanical Penthouse
- Career Services
- Multipurpose Room
- Conference Rooms
- Faculty Offices
- Admin Support Suite
- Multifunction Suite

FOURTH FLOOR PLAN



Legend

- Collaboration Hub
- Research Labs
- Innovation Maker Center
- Vivarium
- Bldg Receiving & Support
- Mechanical Penthouse
- Career Services
- Multipurpose Room
- Conference Rooms
- Faculty Offices
- Admin Support Suite
- Multifunction Suite

VIRGINIA COMMONWEALTH UNIVERSITY
Contract Approval
Energy Performance Contract

REQUEST

This request is to amend the 6 year capital plan and approve an \$18.9 million energy performance contract with Schneider Electric.

BACKGROUND

The State has pre-qualified Energy Service Companies (ESCO) for state agencies and higher education institutions to contract with for Energy Performance Contracts (EPC). Since 2001, public entities within the Commonwealth have executed over \$761,500,000 of energy performance contracts.

Virginia Commonwealth University using the pre-qualified ESCO list, contracted with Schneider Electric, an international company with over 144,000 employees and annual revenues in excess of \$31 Bn to perform an Investment Grade Audit (IGA) of fourteen of the University's highest energy usage buildings. Schneider Electric has executed 33 ESCO projects in the Virginia higher education market segment since 2004. They have executed performance contracts at the College of William and Mary, VMI, and the Virginia Community College System. They have executed over 650 ESCO projects nationwide since 1993.

The purpose of the audit was to: 1) identify relevant Energy Conservations Measures (ECMs), 2) quantify the projected savings (approximately \$1.3 million per year guaranteed by Schneider Electric), and 3) leverage the energy savings realized to replace or repair items that are on the deferred maintenance backlog.

The current estimate of deferred maintenance is approximately \$330 million. This project will by itself reduce the backlog by \$12.8 million within 2 years¹.

The payback for this project is approximately 13.2 years. Payback is determined by taking the cost of the project and dividing it by the guaranteed annual savings. The payback period will be reduced to 8 years by augmenting the energy savings with University funds provided to reduce the deferred maintenance backlog.

A Measurement and Verification (M&V) protocol is included within the contract to monitor performance. The VCU Director of Energy and Utilities will monitor the results on a monthly Building Automation System.

PROJECT LIST:

- Aircuity - Kontos
- Aircuity - Kontos - Deferred Maintenance
- Aircuity - Sanger
- Aircuity - Smith
- Aircuity - Smith - Deferred Maintenance

¹ Overall University deferred maintenance continues to grow. An assessment is underway to update the current deferred maintenance amount and to determine the yearly growth in deferred maintenance versus current maintenance reserve funding levels.

- Boiler Upgrades - Cabell New Boiler Plant
- Boiler Upgrades - Oliver
- Building Automation System Optimization - Cabell
- Building Automation System Optimization - Kontos
- Building Automation System Optimization - Perkinson
- Building Automation System Optimization – School of Engineering West
- Building Automation System Optimization - Smith
- Building Automation System Optimization - Snead
- Building Automation System Optimization - Temple
- Building Automation System Upgrades - McGuire Annex (Steam Mains & Radiator Shutoffs)
- Building Automation System Upgrades - McGuire Hall (57 Pneumatic-Thermostats)
- Building Automation System Upgrades - Oliver (New JCI Building Automation System system)
- Building Automation System Upgrades - Sanger (Wireless Pneumatic Thermostats)
- Condensate Recovery - Kontos
- Condensate Recovery - Sanger
- Condensate Recovery - Smith
- Condensate Recovery - Temple
- Cooling Tower Optimization - Oliver
- Domestic Hot Water Reconfigure with Hot Water Boiler - Temple
- Domestic Hot Water to Natural Gas Conversion - Oliver
- Duct Sealing - Temple
- Energy Recovery - Kontos
- Energy Recovery - Smith
- Envelope - Cabell
- Envelope - Fine Arts
- Envelope - Kontos
- Envelope - McGuire
- Envelope - Oliver
- Envelope - Perkinson
- Envelope - Sanger
- Envelope – School of Engineering West
- Envelope - Smith
- Envelope - Snead
- Envelope - Temple
- Flex Joint Repair - Oliver
- Flex Joint Repair - Temple
- LED Lighting - Cabell
- LED Lighting - Fine Arts
- LED Lighting - Kontos
- LED Lighting - McGuire
- LED Lighting - Oliver
- LED Lighting - Perkinson
- LED Lighting - Sanger
- LED Lighting – School of Engineering West
- LED Lighting - Smith
- LED Lighting - Snead

- LED Lighting - Temple
- Lighting Occupancy Sensor HVAC Control - Sanger
- Power Monitoring Equipment Installation - sites TBD
- Steam Traps - Kontos
- Steam Traps - McGuire
- Steam Traps - Perkinson
- Steam Traps - Sanger
- Steam Traps - Smith
- Variable Frequency Drives - Kontos
- Variable Frequency Drives - Smith
- Water Recommissioning - Cabell
- Water Recommissioning - Fine Arts
- Water Recommissioning - Kontos
- Water Recommissioning - McGuire
- Water Recommissioning - Oliver
- Water Recommissioning - Perkinson
- Water Recommissioning - Sanger
- Water Recommissioning – School of Engineering West
- Water Recommissioning - Smith
- Water Recommissioning - Snead
- Water Recommissioning - Temple

SOURCE OF FUNDS:

University Funds\$18.9M
 To be repaid as an internal loan or from the line of credit through energy savings and
 University funds allocated to address the backlog of deferred maintenance.

RECOMMENDATION

Amend the six year capital plan and approve the contract with Schneider Electric.

VIRGINIA COMMONWEALTH UNIVERSITY
Approval of Procurement Procedures
Construction Management at Risk Procurement Procedures

DESCRIPTION

The General Assembly made significant changes to the Code of Virginia (CoV) related to Construction Management (CM) and Design-build (D-B) procurement and reporting effective July 1, 2017. See one page overview included for details on these changes.

Before VCU procedures can be implemented, they must be approved by the Board of Visitors.

Below are the Construction Management at Risk Procurement Procedures with proposed modifications (annotated in red) that meet the changes to the Code of Virginia (CoV).

RECOMMENDATION

Approve the modified Construction Management at Risk Procurement Procedures

Construction Management at Risk Procurement Procedures

Purpose:

Subject to the Management Agreement between the Commonwealth of Virginia and Virginia Commonwealth University, the university shall have and shall exercise all authority relating to the procurement of goods, services, insurance and construction. Procurement procedures for professional and construction services are identified in the Higher Education Capital Outlay (HECO) Manual adopted by Virginia Commonwealth University as approved by the Board of Visitors.

Responsible Staff:

University Planning, Design and Construction is the Facilities Management Division responsible for the procurement, administration, management and implementation of major Capital Outlay Projects.

PD&C Project Manager coordinates with PD&C management and project stakeholders to recommend an appropriate delivery method.

Directors of Design and Construction Management provide leadership, manage operations and recommend project delivery methods to meet university goals.

Associate Vice President for Facilities Management approves project delivery methods and recommends contracts for execution.

Procedures:

1. The use of the Construction Management (CM) delivery method is typically limited to complex projects where competitive sealed bidding is determined to be not practicable or advantageous to the university. The project complexity and timeline are critical components when selecting the CM delivery method.
2. If competitive sealed bidding is not selected, the PD&C Project Manager shall provide a written recommendation for the project delivery method through the Director of Construction Management to the AVPFM. The written recommendation shall state in sufficient detail why competitive sealed bidding was not practicable and/or financially advantageous to the university.
3. The PD&C Project Manager shall consider the following criteria, listed in no particular order or priority, in recommending the using the CM@Risk construction delivery method for each project:
 - a. Construction Cost
 - b. Project Complexity
 - c. Project Timeline - Schedule, schedule challenges and critical completion dates
 - d. Building Use
 - e. Project Phasing - Coordination of phased or fast-track construction
 - f. Value Engineering and/or Constructability Analysis
 - g. Quality Control/Vendor Prequalification Needs
 - h. Cost/Design Control Needs
4. Based on the written justification provided, the VCU Associate Vice President for Facilities Management (AVPFM) shall review and give the official written determination that Construction Management at Risk is the appropriate construction delivery method for the specific capital outlay project.
5. **Once the AVPFM has approved the use of Construction Management at Risk, VCU shall provide to Department of General Services their written determination that competitive sealed bidding is neither practicable nor advantageous and a completed Construction Management at Risk Procurement Submittal form identifying the project characteristics relevant to CM@Risk procurement. DGS will review and make its recommendation to this submittal within five working days.**
6. Construction Management at Risk Procurement procedures:
 - a. The Director, Construction Management shall appoint an Evaluation Committee that consists of at least three members, including at least one licensed design professional as well as representatives from the client organization.
 - b. A two-step Request for Qualifications/Request for Proposals (RFQ/RFP) process shall be utilized.
 - c. The Director of Construction Management shall develop the Request for Qualifications which shall include:
 - i. The justification for the particular delivery method.
 - ii. Statement on why sealed bidding is not practicable and/or fiscally advantageous.
 - iii. **Criteria for contractor selection**

- d. Procurement shall be initiated no later than the Schematic Design Phase unless prohibited by funding authorization restrictions.
- e. The Director, Construction Management shall prepare a Request for Qualifications containing the University's project requirements, building and site criteria, , construction cost estimate and project schedule as well as the University's justification for the use of CM@Risk.
- f. The criteria for evaluation of contractor qualifications shall be included in the RFQ, including any unique capabilities and qualifications.
- g. The RFQ shall be posted in accordance with the current requirements of the Code of Virginia for a minimum of 30 days.
- h. The Evaluation Committee shall evaluate the firms' RFQ responses and any other relevant information and determine those best qualified with respect to the criteria established for the project and included in the RFQ. Prior CM@Risk or BCOM experience shall not be a prerequisite for award.
- i. The RFQ process shall result in a short list of two to five offerors to receive the Request for Proposals. An offeror may be denied prequalification only as specified under the Code of Virginia § 2.2-4317, but the short list shall be those deemed best qualified.
- j. The Director, Construction Management shall develop the Request for Proposals. The criteria for evaluation shall be included in the RFP and the RFP shall be posted in accordance with the current requirements in the Code of Virginia for a minimum of 30 days.
- k. In addition, at least 30 days prior to the date for RFP response submission, those RFQ offerors who were not selected for the short list shall be provided written notification and the reasons for such decision. In the event that an offeror is denied prequalification, the written notification shall state the reasons for such a denial of prequalification and the factual basis of such reasons.
- l. The Evaluation Committee shall evaluate and rank the firms' Proposals. Prior CM@Risk or BCOM experience shall not be a prerequisite for award.
- m. After evaluation and ranking, the Committee shall invite the top two or three offerors for Oral Presentations/Interviews. Following the Oral Presentations, the Committee shall determine the top two firms and conduct negotiations with those offerors.
- n. The Contract shall be awarded to the offeror who is determined fully qualified and has been determined to have provided the best value in response to the RFP. The University shall notify all offerors who submitted proposals, which offer was selected for the project. When so provided in the RFP, awards may be made to more than one offeror.
- o. Upon request, documentation of the process used for the final selection shall be made available to the unsuccessful offerors.

7. Contracting Requirements for CM@Risk:
 - a. Preconstruction Services shall be contracted as a non-professional service.
 - b. **The Guaranteed Maximum Price (GMP) shall be established at the completion of Working Drawings.** If the University and CM@Risk cannot agree on a GMP, the University may competitively bid the project with the other prequalified CM@Risk offerors or enter into competitive negotiations with the other CM@Risk offerors in accordance with the requirements of the Code of Virginia.
 - c. Interim GMPs for early release packages are permitted.
 - d. 90% of the construction work under a CM@Risk contract must be subcontracted through publicly advertised sealed bidding to the maximum extent practicable.

8. Procurement Services shall identify the particular procurement method in eVA as the “category” for the solicitation, either “Construction, Construction Management” or “Construction, Design-Build”.

Reporting

After the Department of General Services has reviewed and made their recommendation regarding the procurement method for a particular project, Virginia Commonwealth University shall report to the Director of the Department of General Services the method utilized.

References

- Virginia Commonwealth University Management Agreement
- Virginia Commonwealth University Higher Education Capital Outlay Manual
- **Code of Virginia 2.2-4378 - 4383**

VIRGINIA COMMONWEALTH UNIVERSITY
Approval of Procurement Procedures
Design-Build Construction Procurement Procedures

DESCRIPTION

The General Assembly made significant changes to the Code of Virginia (CoV) related to Construction Management (CM) and Design-build (D-B) procurement and reporting effective July 1, 2017. See one page overview included for details on these changes.

Before VCU procedures can be implemented, they must be approved by the Board of Visitors.

Below are the Design-Build Construction Procurement Procedures with proposed modifications (annotated in red) that meet the changes to the Code of Virginia (CoV).

RECOMMENDATION

Approve the modified Design-Build Construction Procurement Procedures

Design-Build Construction Procurement Procedures

Purpose:

Subject to the Management Agreement between the Commonwealth of Virginia and Virginia Commonwealth University, the university shall have and shall exercise all authority relating to the procurement of goods, services, insurance and construction. Procurement procedures for professional and construction services are identified in the Higher Education Capital Outlay (HECO) Manual adopted by Virginia Commonwealth University as approved by the Board of Visitors.

Responsible Staff:

University Planning, Design and Construction is the Facilities Management Division responsible for the procurement, administration, management and implementation of major Capital Outlay Projects.

PD&C Project Manager coordinates with PD&C management and project stakeholders to recommend an appropriate delivery method.

Directors of Design and Construction Management provide leadership, manage operations and recommend project delivery methods to meet university goals.

Associate Vice President for Facilities Management approves project delivery methods and recommends contracts for execution.

Procedures:

1. The use of the Design-Build (DB) delivery method is typically limited to projects where competitive sealed bidding is determined to be not practicable or advantageous to the university. The projects are typically relatively simple and straightforward and the timeline is a critical component when selecting the DB delivery method since the procedure generally reduces the design timeline and the construction timeline, minimizes change orders, and operates on a fast-track schedule. Use of Design-Build results in a single point of contact and responsibility for both the design and construction of the project.
2. If competitive sealed bidding is not selected, the Planning and Design Project Manager shall provide a written recommendation for the project delivery method through the Director of Construction Management to the AVPFM. The written recommendation shall state in sufficient detail why competitive sealed bidding was not practicable and/or financially advantageous to the university.
3. The PD&C Project Manager shall consider the following criteria, listed in no particular order or priority, in recommending use of the Design-Build construction delivery method for each project:
 - a. Construction Cost
 - b. Project Complexity
 - c. Project Timeline - Schedule, schedule challenges and critical completion dates
 - d. Building Use
 - e. One contract with a Design-Build contractor for both professional design services and building construction services
4. Based on the written justification provided, the VCU Associate Vice President for Facilities Management (AVPFM) shall review and give the official written determination that Design-Build is the appropriate construction delivery method for the specific capital outlay project.
5. Once the AVPFM has approved the use of Design-Build, VCU shall provide to Department of General Services their written determination that competitive sealed bidding is neither practicable nor advantageous and a completed Design-Build Procurement Submittal form identifying the project characteristics relevant to DB procurement. DGS will review and make its recommendation to this submittal within five working days.
6. Design-Build Procurement procedures:
 - a. The Director, Construction Management shall appoint an Evaluation Committee that consists of at least three members, including at least one licensed design professional as well as representatives from the client organization.
 - b. A two-step Request for Qualifications/Request for Proposals (RFQ/RFP) process shall be utilized.
 - c. The Director of Construction Management shall develop the Request for Qualifications which shall include:
 - i. The justification for the particular delivery method.
 - ii. Statement on why sealed bidding is not practicable and/or fiscally advantageous.

iii. Criteria for Design-Build Team selection

- d. The Director, Construction Management shall prepare a Request for Qualifications containing the University's facility requirements, building and site data (if available), as well as the University's justification for the use of Design Build. All offerors shall be required to have a licensed Class "A" contractor and an Architect or Engineer registered in the Commonwealth of Virginia as part of the Project Team.
- e. The criteria for evaluation of the Design-Build contractor qualifications shall be included in the RFQ, including any unique capabilities and qualifications.
- f. The RFQ shall be posted in accordance with the current requirements of the Code of Virginia for a minimum of 30 days.
- g. The Evaluation Committee shall evaluate the teams' RFQ responses and any other relevant information and determine those best qualified with respect to the criteria established for the project and included in the RFQ. Prior DB or BCOM experience shall not be a prerequisite for award.
- h. The RFQ process shall result in a short list of two to five offerors to receive the Request for Proposals and project Bridging Documents. An offeror may be denied prequalification only as specified under the Code of Virginia § 2.2-4317, but the short list shall be those deemed best qualified.
- i. The criteria for evaluation shall be included in the RFP and the RFP shall be posted in accordance with the current requirements in the Code of Virginia for a minimum of 30 days.
- j. In addition, at least 30 days prior to the date for RFP response submission, those RFQ offerors who were not selected for the short list shall be provided written notification and the reasons for such decision. In the event that an offeror is denied prequalification, the written notification shall state the reasons for such a denial of prequalification and the factual basis of such reasons.
- k. Bridging Documents are prepared for the project by an A/E firm that will be precluded from submitting a Proposal, that detail the university's requirements for the project. The Bridging Documents are included as part of the Request for Proposals.
- l. Sealed Technical Proposals as described in the RFP shall be submitted to the Evaluation Committee. Separately, sealed Cost Proposals shall be submitted to the university's Virginia Construction Contracting Officer (VCCO) and shall be secured and kept sealed until evaluation of the Technical Proposals and any design adjustments are completed.
- m. The Evaluation Committee shall evaluate the teams' Technical Proposals based on the criteria contained in the RFP. It shall inform each DB offeror of any adjustments necessary to make its Technical Proposal fully comply with the requirements of the RFP. In addition, the university may require that offerors make design adjustments necessary to incorporate project improvements and/or additional detailed information identified by the Evaluation Committee during design development.

- n. Based on the adjustments requested by the Evaluation Committee, the offerors shall provide a revised Technical Proposal and cost Proposal as necessary. In addition, an offeror may submit cost modifications to its original sealed cost Proposal which are not based upon revisions to the Technical Proposals.
 - o. The Evaluation Committee shall evaluate (and rank, if technical rankings are to be considered as a criterion for award) the teams' Technical Proposals and open the Cost Proposals and apply the criteria for award as specified in the RFP. Cost is a critical component of the selection and will be evaluated according to the criteria specified in the RFP.
 - p. After evaluation and ranking, the Committee shall invite the top two or more offerors for Oral Presentations/Interviews. Following the Oral Presentations, the Committee shall determine the top two or more firms and conduct negotiations with those offerors.
 - q. The Contract shall be awarded to the offeror who is determined fully qualified and has been determined to have provided the best value in response to the RFP. The University shall notify all offerors who submitted proposals, which offer was selected for the project. When so provided in the RFP, awards may be made to more than one offeror.
 - r. Upon request, documentation of the process used for the final selection shall be made available to the unsuccessful offerors.
7. Procurement Services shall identify the particular procurement method in eVA as the "category" for the solicitation, either "Construction, Construction Management" or "Construction, Design-Build".

Reporting

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References

- Virginia Commonwealth University Management Agreement
- Virginia Commonwealth University Higher Education Capital Outlay Manual
- Code of Virginia 2.2-4378 - 4383

University Budget Redesign Update

Finance, Budget, and Investment Committee

BudgetUpdate.vcu.edu

September 14, 2017

2017 Accomplishments and Advantages

- Team led year-long push and met goal for parallel reporting of FY18 E&G budget
- Incorporated ideas from key stakeholders
- Tested model with three fiscal years of actuals
- Implemented new reporting system
- Yields key insights for planning and decisions
- Establishes a funding mechanism for strategic initiatives
- Provides data to support forward-looking decisions
- Encourages entrepreneurial actions to meet student and market demands

General Model Principles

- Provide a financial framework to advance academic priorities, promote program innovation and support collaboration
- Expand revenue focus beyond state support, identify opportunities for revenue growth
- Tuition and fees follow the student and where they learn
 - 85% is generated by schools teaching their own majors
 - 12% is generated by school teaching students from other majors
 - 3% is from fees
- Allocate expenses to where they are incurred
 - 65% are school direct expenses
 - 35% are university central expenses, including academic supports such as libraries and IT

Upcoming Actions

- Additional model training and release of on-line training materials
- Budget development for FY2019 begins in fall 2017
- On track for full launch of new budget model as of FY19, anticipate inclusion of data on all additional fund types (Aux., Research/FACR, Local, etc.)

Treasurer's Report As of June 30, 2017

Finance and Budget, Karol Kain Gray, September 14, 2017



VCU

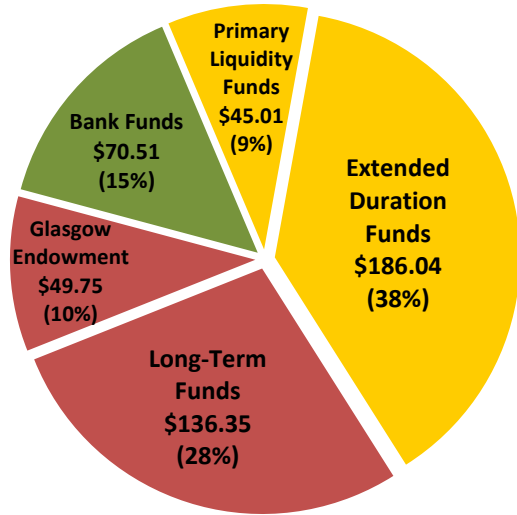
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TOTAL UNIVERSITY FUNDS OVERVIEW

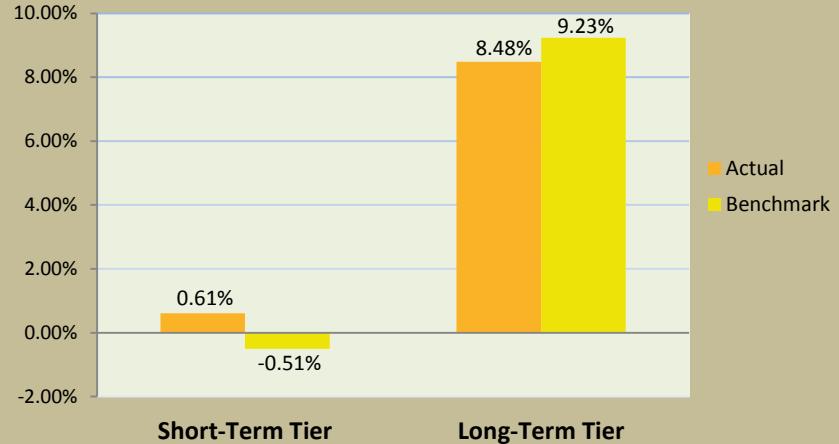
Total University Funds Overview for the Period Ending June 30, 2017

University Funds
Market Value (Millions)



Total University Funds
\$487.66M

1-Year Investment Funds Performance



SHORT-TERM TIER OVERVIEW

Short-Term Tier Performance (net of fees) for the Period Ending June 30, 2017

	<u>Market Value</u>	<u>Allocation</u>	<u>QTD</u>	<u>Fiscal YTD</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>Return</u>	<u>Since</u>
Total Operating Funds	\$231,042,815	100.00%	0.32%	0.63%	0.61%	0.79%	0.83%	0.98%	9-Jun
<i>Floating Operating Funds Index</i>			0.21%	0.45%	-0.51%	0.40%	0.50%	--	9-Jun
Primary Liquidity Pool (Payden & Rygel)	\$45,007,081	19.48%	0.23%	0.46%	0.74%	0.32%	0.27%	0.24%	9-Jul
<i>iMoneyNet MM All Taxable</i>			0.12%	0.19%	0.27%	0.12%	0.08%	0.06%	9-Jul
Extended Duration Fund (Merganser)	\$186,035,733	80.52%	0.43%	0.85%	0.66%	1.05%	1.09%	1.44%	9-Jun
<i>Blended Index</i>			0.30%	0.68%	-0.60%	0.72%	0.77%	0.97%	9-Jun
<i>BofA Merrill Lynch US Corp & Gov 1-3 yr</i>			0.30%	0.70%	0.34%	0.94%	0.98%	1.22%	10-Mar

- Floating Operating Funds Index = Weighted Average of iMoneyNet MM All Taxable/BofA Merrill Lynch US Corp & Gov 1-3 Yr A rated and Above
- iMoneyNet MM All Taxable = iMoneyNet MM All Taxable (formerly Donohue)
- Blended Index = Citi 6-Month T-Bill through 2/28/2010; BofA Merrill Lynch US Corp & Gov 1-3 yr A Rated and Above through 4/30/2016 and BofA Merrill Lynch US Treasuries 1-5 yr through 3/31/2017; and BofA Merrill Lynch US Corp & Gov 1-3 yr thereafter.

LONG-TERM TIER OVERVIEW

Long-Term Tier Performance and Asset Allocation as of June 30, 2017

VCU Finance Long-Term Tier Asset Allocation for the Period Ending:		6/30/2017		VCU Strategic Allocation		Qtr	1 Yr	3 Yr	Since	Since
Asset Class	Market Value		(%)	(%)	Return	Return	Return	6/30/2013	4/30/2012	
	(\$)							Return	Return	
Equity										
VCIMCO Equity	\$ 106,460,184		57.2%							
JP Morgan Equity	\$ 663,724		0.4%							
Subtotal	\$ 107,123,908		57.5%	65.0%	3.69%	16.79%	4.76%	7.45%	8.37%	
<i>MSCI All Country World Index</i>					4.27%	18.78%	4.82%	9.07%	9.21%	
Real Assets										
VCIMCO Real Assets	\$ -		0.0%							
JP Morgan Real Assets	\$ 1,053,049		0.6%							
Subtotal	\$ 1,053,049		0.6%	10.0%	-1.47%	-3.62%	2.43%	4.69%	2.62%	
<i>MSCI ACWI Real Estate Index</i>					4.36%	4.11%	5.29%	6.74%	7.87%	
Fixed Income and Cash										
VCIMCO Fixed Income and Cash	\$ 77,461,781		41.6%							
JP Morgan Fixed Income and Cash	\$ 545,981		0.3%							
Subtotal	\$ 78,007,762		41.9%	25.0%	-0.36%	-2.37%	0.10%	0.52%	1.09%	
<i>Barclays US Aggregate Index</i>					1.45%	-0.31%	2.48%	2.95%	2.33%	
Total Investments										
VCIMCO - Total	\$ 183,921,965		98.8%							
JP Morgan - Total	\$ 2,262,754		1.2%							
Grand Total	\$ 186,184,719		100.0%	100.0%	2.01%	8.48%	2.58%	4.75%	5.47%	
<i>Composite Benchmark</i>					3.57%	9.23%	1.81%	3.88%	3.83%	
Net Liabilities - VCIMCO Funds	\$ (83,398)									
Net Asset Value - Long-Term Tier	\$ 186,101,321									
Net Asset Value - Ram Fund	\$ 182,209,855									
Net Asset Value - Ram Private Assets Fund	\$ 1,628,712									
Net Asset Value - JP Morgan	\$ 2,262,754									
Net Asset Value - Long-Term Tier	\$ 186,101,321									

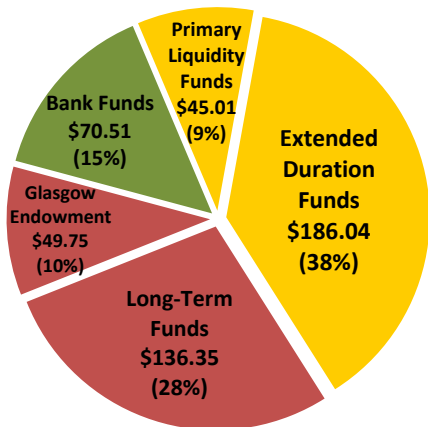
- \$47.80 of \$49.75 million of the Glasgow Endowment is transferred to VCIMCO with \$1.95 million remaining at JP Morgan, of which \$0.90 million should be received by June 2018 (hedge funds), and \$1.05 million by 2022 (private assets).
- \$136.04 of \$136.35 million of the Long-Term Tier is transferred to VCIMCO with \$0.31 million remaining at JP Morgan, all of which should be received by June 2018 (hedge funds).
- VCIMCO is currently in the process of hiring investment managers, and in the coming months the Long-Term Tier will consequently move closer to the Strategic Allocation targets above.

Composite Benchmark: 04/01/17 to current - 65% MSCI All Country World Index, 25% Barclays US Aggregate Index, 10% MSCI ACWI Real Estate Index. 05/01/2012 to 03/31/2017 - 30% MSCI All Country World Index, 40% HFRX Global Hedge Fund, 5% Bloomberg Commodities Index, 25% Barclays US Aggregate Index.

Note: The figures above are VCIMCO's best-effort estimates of the total blended returns at the aggregate and asset class levels which are unaudited and subject to change. The performance calculation is a blend of the Glasgow and Long-Term portfolio returns on a dollar weighted basis, as reported by the Ram Fund from May 1, 2016 through June 30, 2017 and by JP Morgan from May 1, 2012 through April 30, 2016.

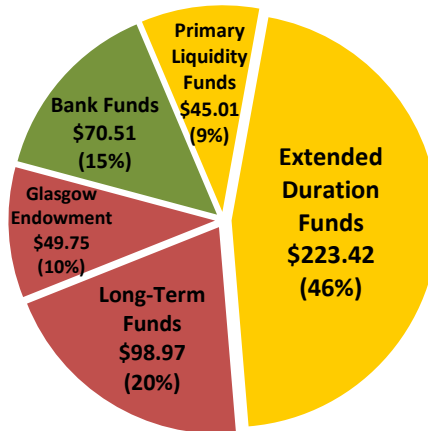
University Funds: Rebalancing Update

Existing University Funds - 6/30/17 balances:
(Millions)



Bank Funds	\$ 70.51	15%
Primary Liquidity (Payden & Rygel)	\$ 45.01	9%
Extended Duration (Merganser)	\$ 186.04	38%
Long-Term Tier (VCIMCO)	\$ 136.35	28%
Glasgow Endowment (VCIMCO)	\$ 49.75	10%
Total University Funds	\$ 487.66	100%

Post-Rebalancing University Funds - 6/30/17 balances:
(Millions) – 100% Complete: 7/3/17



Bank Funds	\$ 70.51	15%
Primary Liquidity (Payden & Rygel)	\$ 45.01	9%
Extended Duration (Merganser)	\$ 223.42	46%
Quasi-Endowment (VCIMCO)	\$ 98.97	20%
Glasgow Endowment (VCIMCO)	\$ 49.75	10%
Total University Funds	\$ 487.66	100%

SHORT-TERM TIER COMPLIANCE REVIEW

Short-Term Tier Policy Requirements

- VCU Investment Policy requires a quarterly report to the Board of Visitors, which includes at a minimum;
 - Investment performance (net of fees) for the Short-Term Tier versus the appropriate benchmarks **(see page 6)**;
 - Actual asset allocations **(see page 12)**;
 - Any investments that required management notification (such as credit downgrades or duration changes) **(None to Report)**; and
 - A statement from each investment manager certifying compliance with the Virginia Investment of Public Funds Act **(see page 14)**.
- The Policy also requires an annual report, which includes at a minimum;
 - A certificate showing compliance with the Investment Policy, specifically the Authorized Investments, diversification restrictions, duration, maturity and credit quality constraints **(see pages 12, 13)**.

Authorized Investments, Diversification Restrictions and Credit Quality Constraints

Authorized Investments	Primary Liquidity Fund (Payden & Rygel)				Extended Duration Fund (Merganser)			
	Policy Max	Actual %	Minimum Rating	Actual Minimum Rating	Policy Max	Actual %	Minimum Rating	Actual Minimum Rating
U.S. Treasury and Agency Securities	100%	66%	n/a	AAA/AA+	100%	16%	n/a	AAA/AA+
Non-Negotiable Certificates of Deposit (CDs)	5%	0%	Fed insured and VSPDA collateralized	none invested	0%	0%	Fed insured and VSPDA collateralized	none invested
Negotiable CDs and/or Negotiable Bank Deposit Notes	20%	6%	A-1, P-1 for 1yr or less/ AA, Aa for over 1yr	A-1/P-1	20%	0%	A-1, P-1 for 1yr or less/ AA, Aa for over 1yr	none invested
Overnight/Open Treasury/Agency Repurchase Agreements	100%	0%	Treasury/Agency/GSE - collateralized	none invested	0%	0%	Treasury/Agency/GSE - collateralized	none invested
Overnight/Open non-Treasury/Agency Repurchase Agreements	50%	0%	GSE collateralized	none invested	0%	0%	GSE collateralized	none invested
Term Repurchase Agreements	20%	0%	>100% Treasury/Agency/GSE - collateralized; daily MTM	none invested	0%	0%	>100% Treasury/Agency/GSE - collateralized; daily MTM	none invested
Banker's Acceptances	40%	0%	A-1, P-1	none invested	0%	0%	A-1, P-1	none invested
Commercial Paper	35%	0%	A-1, P-1, F-1, D-1	none invested	0%	0%	A-1, P-1, F-1, D-1	none invested
Money Market Funds	35%	0%	AAA	none invested	10%	0%	AAA	none invested
Corporate Notes/Bonds	25%	24%	A-, A3	A-	40%	34%	A-, A3	A+
Municipal Securities	10%	4%	A-, A3	AA-/Aa3	10%	0%	A-, A3	none invested
Asset-Backed Securities	0%	0%	AAA	none invested	40%	37%	AAA	AAA
Combined Agency MBS, Agency/Private CMOs, CMBS, RMBS, PACs	0%	0%	AAA	none invested	50%	13%	AAA	AAA
Agency Mortgage-Backed Securities (MBS)	0%	0%	AAA	none invested	50%	1%	AAA	AAA
Agency CMOs (including PACs)	0%	0%	AAA	none invested	10%	2%	AAA	AAA
Commercial Mortgage-Backed Securities (CMBS)	0%	0%	AAA	none invested	10%	10%	AAA	AAA
Private Label Residential Mortgages (including CMOs & PACs)	0%	0%	AAA	none invested	5%	0%	AAA	none invested
International Development Bank Obligations	0%	0%	AAA	none invested	5%	0%	AAA	none invested
		100%				100%		

Duration Constraints Comply with the Investment Policy

<u>Fund</u>	<u>Policy Maximum Duration</u>	<u>Allowable Duration Deviation</u>	<u>Fund Duration</u>
Primary Liquidity Fund	9 months	+10%	5.4 months
Extended Duration Fund			
Short Duration Portfolio	ML 1-3 Yr Govt/Corp (1.8 years)	+10%	1.7 years

Statements from investment managers certifying Compliance with the Virginia Investment of Public Funds Act

- Payden & Rygel (Primary Liquidity Fund Manager) has provided a statement attesting to compliance with the VCU Investment Policy and the Investment of Public Funds Act.



This letter certifies that, as of June 30, 2017, all investments in the VCU Primary Liquidity Fund were in compliance with the VCU Investment Policy, which we understand to be in compliance with the Virginia Investment of Public Funds Act. Holdings were within the allowable universe of investments.

- Merganser (Extended Duration Fund Manager) has provided a statement attesting to compliance with the VCU Investment Policy and the Investment of Public Funds Act.



This letter certifies that all investments in the VCU Extended Duration Fund were in compliance with the VCU Investment Policy and the Virginia Investment of Public Funds Act as of June 30, 2017.

LONG-TERM TIER COMPLIANCE REVIEW

Long-Term Tier Policy Requirements

- VCU Investment Policy requires a quarterly report to the Board of Visitors, which includes at a minimum;
 - Investment performance (net of fees) for the Long-Term Tier versus the appropriate benchmarks (**see page 8**); and
 - Actual asset allocations of the Long-Term Tier versus the Strategic Asset Allocations (**see page 17**).
- The Policy also requires an annual report, which includes at a minimum;
 - A report showing compliance with the Investment Policy (**see page 17**);
 - Status of investments that may require management attention (such as changes to the Strategic Asset Allocation). (**none to report**); and
 - Spending policy payouts and reinvestments for the Long-Term Tier (**report forthcoming at the December Board of Visitors meeting**).

Long-Term Tier Compliance Summary for the Period Ending June 30, 2017

	Strategic Asset Allocation				
	Market Value	Actual	Min	Target	Max
Equity	\$ 107,123,908	57.5%	40%	65%	70%
Real Assets	\$ 1,053,049	0.6%	0%	10%	20%
Fixed Income & Cash	\$ 78,007,762	41.9%	5%	25%	45%
Total Long-Term Tier Investments	\$ 186,184,719	100.0%			

- The Strategic Asset Allocation targets and ranges are based on the revised VCU Investment Policy (approved on 03/22/17).
- As of 06/30/17 current asset allocations are in compliance with the approved ranges.

** Note: The table above includes assets still held in custody by JPMorgan some of which will be transferred into The Ram Fund upon liquidation. These assets are not managed by VCIMCO but are included above at the request of VCU and for completeness of the Long-Term Tier.*

Cash, Investments & Debt Weekly Monitoring Report As of September 8, 2017

To be distributed

Virginia Commonwealth University - Revenue & Expenses
Q4 FY2017

		FY 2017 Adjusted Budget	FY 2017 Q4 Actual	Variance	% Variance to Budget	FY 2016 Actual
Revenues						
1	State General Funds	\$ 221,150	\$ 220,057	\$ (1,093)	0%	\$ 204,507
2	Nongeneral Funds:					
	Educational and General					
3	Tuition and Fees	408,491	409,743	\$ 1,252	0%	394,285
4	Grants and Contracts:					
5	Sponsored Programs	201,203	200,195	\$ (1,008)	-1%	192,049
6	Financial Aid	30,769	30,968	\$ 199	1%	30,181
7	Auxiliary Enterprises:	135,401	137,555	\$ 2,154	2%	139,721
8	VCUQ	39,880	39,495	\$ (385)	-1%	40,440
9	Gifts and Investment Income	43,259	48,756	\$ 5,497	13%	45,384
	Sales and Services, Other					
10	Revenues	39,094	52,461	\$ 13,367	34%	53,286
11	Total Revenues	\$ 1,119,247	\$ 1,139,229	\$ 19,982	2%	\$ 1,099,853
Expenses						
	Educational and General					
12	Expenses	\$ 597,024	\$ 599,824	\$ 2,800	0%	\$ 664,997
13	VCUQ	39,880	39,495	\$ (385)	-1%	40,440
14	Sponsored Programs	176,615	171,262	\$ (5,353)	-3%	157,321
15	FACR	30,379	28,153	\$ (2,226)	-7%	30,379
16	Auxiliary Enterprises	136,874	137,264	\$ 390	0%	131,241
17	University Funds	41,790	51,524	\$ 9,734	23%	51,608
18	Student Financial Assistance	60,669	75,979	\$ 15,310	25%	69,604
19	Hospital Services	25,801	23,388	\$ (2,413)	-9%	24,515
20	Total Expenses	\$ 1,109,032	\$ 1,126,889	\$ 17,856	2%	\$ 1,170,105

Virginia Commonwealth University
FY 2017-2018 University Budget Plan
Sources and Uses Summary
(in thousands)

FY 2017-2018 Sources	Educational & General Programs	Sponsored Programs	Auxiliary Enterprises	University Funds	Student Financial Assistance	Other	Total University	Change from 2016-17 Budget Plan	
								Amount	Percent
State General Fund									
Direct Appropriations	\$ 170,040	\$ 14,013	\$ -	\$ -	\$ 30,063	\$ -	\$ 214,116	(5,689)	-2.6%
Central Transfers	3,997	-	-	-	-	-	\$ 3,997	47	1.2%
State General Fund	\$ 174,037	\$ 14,013	\$ -	\$ -	\$ 30,063	\$ -	\$ 218,113	\$ (5,642)	-2.5%
Nongeneral Funds									
Student Tuition and Fees	424,966	-	51,885	-	-	-	476,851	25,965	5.8%
Grants and Contracts	8,222	202,440	-	-	31,740	-	242,402	10,430	4.5%
Gifts and Investment Earnings	107	-	5,523	38,416	-	-	44,046	1,957	4.6%
Sales and Services	10,133	-	84,724	-	-	67,396	162,253	1,601	1.0%
Other Sources	305	-	6,035	4,243	-	-	10,583	(218)	-2.0%
Total Nongeneral Funds	443,733	202,440	148,167	42,659	31,740	67,396	936,135	39,735	4.4%
Total University Sources	\$ 617,770	\$ 216,453	\$ 148,167	\$ 42,659	\$ 61,803	\$ 67,396	\$ 1,154,248	\$ 34,093	3.0%
FY 2017-2018 Uses									
Instruction	\$ 315,926	\$ 10,560	\$ -	\$ 3,400	\$ -	\$ 40,069	\$ 369,955	\$ 8,637	2.4%
Research	12,836	189,594	-	9,413	-	-	211,843	5,109	2.5%
Public Service	4,820	449	-	1,801	-	-	7,070	(419)	-5.6%
Academic Support	95,384	4,044	-	10,411	-	-	109,839	(2,244)	-2.0%
Student Services	17,768	-	-	497	-	-	18,265	471	2.6%
Institutional Support	85,716	3,370	-	8,372	-	-	97,458	8,352	9.4%
Operation and Maintenance of Plant	56,503	5,617	-	1,042	-	1,000	64,162	2,116	3.4%
Scholarships and Fellowships	10,520	1,716	-	7,723	77,217	-	97,176	8,887	10.1%
Auxiliary Enterprises	-	-	137,543	-	-	-	137,543	2,692	2.0%
Other	-	-	-	-	-	25,927	25,927	1,126	4.5%
Subtotal Uses	599,473	215,350	137,543	42,659	77,217	66,996	1,139,238	34,727	3.1%
Transfers (in) out ⁽¹⁾	14,002	-	1,412	-	(15,414)	-	-	-	n/a
Addition to Reserves	-	-	5,960	-	-	400	6,360	(1,007)	-13.7%
Contingencies	4,295	1,103	3,252	-	-	-	8,650	373	4.5%
Subtotal Contingencies and Transfers	18,297	1,103	10,624	-	(15,414)	400	8,650	373	4.5%
Total University Uses	\$ 617,770	\$ 216,453	\$ 148,167	\$ 42,659	\$ 61,803	\$ 67,396	\$ 1,154,248	\$ 34,093	3.0%

(1) Per the state budget, nongeneral fund appropriation from E&G programs of \$11,002,320 and \$1,412,083 from Auxiliary Services was required to be transferred to Student Financial Assistance to more accurately reflect aid to students. An additional \$3,000,000 in additional need-based aid is added as part of the 2017-18 budget.





VCUHealth™

VCU Health System Authority

FY 2017 Financial Report for
the Year Ending June 30, 2017

VCUHS Consolidated Income Statement (\$ in thousands)

June 30, 2017 Year to Date (12 months)

Unaudited

Operating Excess of \$177.6M is (\$81.3M) budget

	<u>Percent</u>	<u>Variance Projected</u>	<u>FY 2017 Actual</u>	<u>FY 2017 Budget</u>	<u>FY 2016 Actual</u>	<u>Variance Prior Year</u>	<u>Percent</u>
Operating Revenues							
Net patient service revenue	5.7%	\$ 103,342	\$ 1,907,177	\$ 1,803,835	\$ 1,723,796	\$ 183,381	10.6%
Contract revenue	9.0%	1,513	18,361	16,848	18,326	35	0.2%
Premiums earned	-1.2%	(12,547)	1,064,916	1,077,463	1,027,058	\$ 37,858	3.7%
Other operating revenue	7.2%	1,613	24,047	22,434	29,907	(5,860)	-19.6%
Total Operating Revenues	3.2%	\$ 93,921	\$ 3,014,501	\$ 2,920,580	\$ 2,799,087	\$ 215,414	7.7%
Operating Expenses							
Salaries and wages	-5.0%	\$ (42,674)	\$ 903,808	\$ 861,134	\$ 824,930	\$ (78,878)	-9.6%
Benefits	11.6%	28,943	219,664	248,607	211,635	(8,029)	-3.8%
Medical claims expense	3.6%	33,864	908,001	941,865	870,210	(37,791)	-4.3%
Purchased services	-11.8%	(16,087)	152,672	136,585	110,340	(42,332)	-38.4%
Supplies	-2.3%	(5,597)	248,841	243,244	235,597	(13,244)	-5.6%
Drugs	-11.2%	(15,103)	150,113	135,010	130,949	(19,164)	-14.6%
Interest expense	2.4%	633	25,423	26,056	23,007	(2,416)	-10.5%
Other expenses	5.6%	8,155	138,568	146,723	156,754	18,186	11.6%
Provision for depreciation / amortization	-5.6%	(4,754)	89,807	85,053	77,270	(12,537)	-16.2%
Total Operating Expenses	-0.4%	\$ (12,620)	\$ 2,836,897	\$ 2,824,277	\$ 2,640,692	\$ (196,205)	-7.4%
Total Operating Excess/(Loss)		\$ 81,301	\$ 177,604	\$ 96,303	\$ 158,395	\$ 19,209	
<i>Operating Margin (%)</i>			5.9%	3.3%	5.7%		
Nonoperating revenues and expenses:							
Investment income	161.6%	\$ 74,676	\$ 120,888	\$ 46,212	\$ (24,083)	\$ 144,971	-602.0%
Other non-operating income(expense)incl. taxes	-146.0%	21,463	6,763	(14,700)	(542)	(7,305)	1347.8%
Donations and gifts		(1,094)	5,619	4,525	5,541	(78)	
Total Non-Operating Revenues and Expense		\$ 97,233	\$ 133,270	\$ 36,037	\$ (19,084)	\$ 137,588	
Total Excess / (Loss)		\$ 178,534	\$ 310,874	\$ 132,340	\$ 139,311	\$ 171,563	
<i>Total Margin (%)</i>			9.9%	4.5%	5.0%		



VCUHealth™

VCU Health System Authority

VCUHS Balance Sheet (\$ in thousands)

June 30, 2017 Year To Date (12 months)

Unaudited

	<u>FY 2017 (12mo)</u>	<u>FY 2016 Audit</u>
ASSETS & DEFERRED OUTFLOWS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 371,703	\$ 263,816
Patient accounts receivable, less allowances for doubtful accounts and contractual adjustments	257,531	264,986
Other current assets	<u>187,568</u>	<u>159,198</u>
TOTAL CURRENT ASSETS	816,802	688,000
ASSETS WHOSE IS LIMITED & LT INVESTMENTS	1,494,366	1,420,654
TOTAL CAPITAL ASSETS	886,901	792,499
TOTAL OTHER ASSETS	25,803	17,247
TOTAL DEFERRED OUTFLOWS	<u>40,519</u>	<u>62,085</u>
TOTAL ASSETS & DEFERRED OUTFLOWS	<u>\$ 3,264,391</u>	<u>\$ 2,980,485</u>
LIABILITIES, DEFERRED INFLOWS & NET POSITION		
CURRENT LIABILITIES		
Current portion of long-term debt and capital leases	\$ 7,941	\$ 7,913
Trade accounts payable	170,457	176,395
Accrued salaries, wages, and fringe benefits, leave	115,032	117,023
Other current liabilities	<u>41,072</u>	<u>30,560</u>
TOTAL CURRENT LIABILITIES	334,502	331,891
OTHER LIABILITIES		
Long-term debt and capital leases, less current portion	510,941	518,909
Other liabilities	<u>153,461</u>	<u>171,124</u>
TOTAL LIABILITIES	998,904	1,021,924
TOTAL DEFERRED INFLOWS	10,466	10,466
TOTAL NET POSITION	<u>2,255,021</u>	<u>1,948,095</u>
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	<u>\$ 3,264,391</u>	<u>\$ 2,980,485</u>

VCUHS Cash Flow (\$ in thousands)

June 30, 2017 Year To Date (12 months)

Unaudited

	FY 2017 <u>Actual</u>
Cash and Investments at the Beginning of the Year	\$ 1,670.4
Sources of Cash:	
Total excess/(loss)	\$ 301.9
Depreciation expense (non-cash transaction)	89.7
Accounts receivable/ settlements decrease	23.4
Decrease/increase in Due from/to affiliates	126.2
Increase in Accts Payable	9.5
Decrease in Premiums/AR	0.9
Increase in claims liability	35.3
Deferred income/settlements due third parties	-
Other working capital changes	14.9
Total Sources of Cash	<u>\$ 601.8</u>
Uses of Cash:	
Acquisition and construction of capital assets	\$ (183.7)
Decrease in claims liability/Accts Payable	-
Settlements due to third parties/ AR increase	(41.2)
Contributions to Defined Benefit Plan	(0.6)
Transfer UHS / Hospital /Carolina Crescent/VCU	(2.6)
Increase/decrease in Due to/from affiliates	(115.8)
Intercompany note receivable - VPHP	(31.4)
Capital contribution - CMH	(35.3)
Other working capital changes	(2.3)
Principal payments on long term debt and capital leases	(8.7)
Total Uses of Cash	<u>\$ (421.6)</u>
Net Change in Cash for the Period	<u>\$ 180.2</u>
Cash and Investments at the End of the Period	<u>\$ 1,850.6</u>

VCUHS Key Ratios

June 30, 2017 Year-to-Date (12 months)

Unaudited





	<u>Actual FY 2017</u>	<u>Audited FY 2016</u>	<u>S&P Median Benchmark</u>	<u>Moody's Median Benchmark</u>	<u>Trend</u>
LIQUIDITY RATIOS:					
Current	2.4	2.1		1.7	Favorable
Days in A/R	56.1	56.3	47.7	48.8	Unfavorable
Days Cash on Hand	240.0	235.6	220.4	234.2	Favorable
LEVERAGE RATIOS:					
Debt Service Coverage	10.0	9.1	4.6	6.9	Favorable
Long-Term Debt to Capitalization	23.5%	26.2%	30.1%	29.5%	Favorable
Interest Coverage	13.2	7.9		4.9	Favorable
PROFITABILITY RATIOS:					
Operating Margin	5.8%	6.5%	>3.3%	>3.7%	Favorable
Total Margin	9.8%	5.0%	>4.4%	>6.6%	Favorable

Virginia Commonwealth University
September 2017 Summary of Major Capital Projects











Project	Funding			Comments
	Amount	Source	Completion	
Completed Projects:				
Rice Rivers Center - Inger Rice Lodge	\$2,314,786		May 2017	
Construction Underway:				
Institute for Contemporary Art	\$33,805,718 Private Funding \$7,392,810 University Reserves \$41,198,528 Total		Sep 2017	A 40,890 SF facility located at the corner of Broad and Belvidere Streets. Project behind schedule but continues to track an opening in Spring 2018.
Sanger Hall Phase II Renovations	\$17,214,620 General Funds \$7,040,600 University-supported debt \$1,366,919 University Funds \$1,795,000 State-supported Debt \$27,417,139 Total		Oct 2015 (Part A only) Jan 2019 (all remaining phases)	The second phase of the floor by floor wet lab renovation of Sanger Hall. This phase will complete an additional 2 floors to the 4 already completed.
Raleigh Building Renovation	\$7,330,347 General Funds \$750,000 State-supported Debt \$8,080,347 Total		Dec 2017	Total renovation of the building to house the Wilder School. Asbestos and structural issues encountered. Budget and schedule impact is being assessed.
Rhoads Hall Restroom Renovation	\$4,615,300 University Housing		Summer 2016 - Ph I Summer 2017 - Ph II	Building core toilet and shower renovations to floors 2-18. Phase I - Floors 2-5; and Phase II - Floors 6-18 scheduled to be completed in 2017
Allied Health Professions Building	\$69,256,000 State Appropriation request \$10,800,000 University-supported debt \$275,549 Auxiliary Enterprise \$80,331,549 Total		Aug 2019	Consolidation of eleven Allied Health Programs in one building. Demolition is completed. Construction underway.
Planning Underway:				
Engineering Research Expansion	\$43,000,000 State-supported Debt \$43,000,000 University-Supported Debt \$86,000,000 Total		Fall 2020	Planning proceeding on schedule. A request to increase the size and scope of this project will be presented to the September 2017 BOV. The size will increase from 120,000 to 133,000 square feet and the cost from \$86,000,000 to \$92,000,000.
Other Projects of Interest:				
Virginia Treatment Center for Children	\$58,495,717 State Appropriation \$5,067,283 VCU Health Funds \$63,563,000 Total		Nov 2017	Replacement facility for the current VTCC located on the MCV Campus. Location on Brook Road campus. Working with contractor on recovery schedule.
Perioperative Suite Renovation	\$94,000,000 VCU Health Debt		Feb 2018	Renovation of 5th floor of Main Hospital and portions of adjacent buildings to provide 18 state of the art operating rooms and support areas. Phased for continuous operation.
Community Memorial Hospital (South Hill)	\$79,000,000 VCU Health Funds		Nov 2017	Program of 70 patient rooms and 4 operating rooms.
Comprehensive Medical Center (South Hill)	\$16,000,000 VCU Health Funds		Nov 2017	60,000 SF Medical Office Building
On Schedule	Delay			

Dashboard Measures: Reporting for the Fourth Quarter FY17

Report of VCU Administration Performance
Indicators for the Quarter Ended June 30, 2017.

Target Key	
	Meets or exceeds expectations
	Challenge(s) encountered; corrective action is planned or underway
	Significant challenge(s) encountered
	N/A

Facilities

1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	YTD	Measure	Note
					Utility Costs	FY 2017 utilities budgets were \$16.6M for E&G facilities and \$5.9M for Auxiliary facilities. Utilities expenditures at year-end were 5% under budget for E&G facilities and 3% under budget for Auxiliary facilities.
					Deferred Maintenance	Sightlines Consultant's most recent update reflects a backlog of \$330M of E&G deferred maintenance. Sightlines is on site assessing building systems condition as part of an effort to update and validate the deferred maintenance backlog. The results of this effort will be available in November 2017. Expenditures to address deferred maintenance totaled \$4.6 million in FY17. Projects under construction at year-end totaled \$5.1 million, projects being bid totaled \$1.2 million, and projects totaling \$4.2 million were being designed.



VCU

VIRGINIA COMMONWEALTH UNIVERSITY

Finance and Budget

Key Performance Measures and Projects

Report of VCU Finance and Budget Performance Indicators – Fiscal Year-to-Date as of June 30, 2017

Measure	Metrics/Performance as of June 30, 2017	Comments
Investments	Investment Balances Investment Returns	<ul style="list-style-type: none"> ▪ See 6/30/17 Treasurer’s Report ▪ See 6/30/17 Treasurer’s Report
Debt	Bond ratings Debt Ratio (Estimated Unaudited)	<ul style="list-style-type: none"> ▪ AA-/Aa2 (within Tier III requirement) ▪ 4.75% (below 6.0% debt policy requirement and 7.0% Tier III requirement)
Revenues and Expenses	Performance vs. Budget	<ul style="list-style-type: none"> ▪ Budgeted annual revenue \$1,121 million ▪ Actual Q4 Results: \$1,139 million - 1.6% over adjusted budget and 3.6% over last year Q4; ▪ Budgeted annual expense: \$1,109 million ▪ Actual Q4 Results: \$1,127 million – 1.6% over adjusted budget and 3.7% under last year Q4.
Major Projects/Initiatives		Next Steps/Comments
VCIMCO University Budget Redesign		<ul style="list-style-type: none"> ▪ Quasi-endowment fully implemented on 7/3/17 ▪ Met July 1 deadline for 2018 parallel reporting; Schools and administrative unit briefing completed. ▪ FY2019 budget development under new model to begin Fall, 2017.

ARMICS

Virginia Commonwealth University

Finance, Budget and Investment Committee

September 14, 2017



VCU

Agency Risk Management and Internal Control Standards (ARMICS)

- ARMICS is a directive of the State Comptroller that mandates the implementation and annual assessment of agency internal controls to provide a reasonable assurance of the integrity of all fiscal processes
- Annual certification is done in September by the Vice President for Finance and Budget and the President
 - Agency Level Internal Control Assessment
 - Process and Transaction Level Internal Control Assessment
 - Corrective Action Plan, if needed

ARMICS – Agency Level Assessment

VCU conducts the Agency Level Assessment through the Enterprise Risk Management (ERM) process

- Workshops to review the enterprise risks with the Risk Owners occurred from January through April of 2017
- The ERM Steering Committee met to review the identified risks and evaluate their likelihood versus consequence in June and August of 2017
- The ERM Steering Committee will forward recommendations to the President's Cabinet in September 2017

ARMICS – Process and Transaction Level Assessment

- All departments and central units are required to sign a certification statement:
 - Risk assessments are accurate and current
 - Internal controls are operating effectively
 - Testing of controls has been documented
- Departmental assessments are forwarded to the appropriate VP so they can sign the certification for their entire operation
 - VPs certify to the Vice President for Finance and Budget and the President that their operations have met the process and transaction level requirements
- Controller's Office conducts random testing in departments and central units

Integrity of Fiscal Processes

- Integrity and Accountability are Core Values set forth in the *Quest for Distinction* and the Controller's Office will continue its initiative to ensure that these values are understood and adhered to throughout the university community
- The mandatory fiscal training program, implemented in fiscal year 2012, continues to be a requirement for current users to retain (or, for future users, to obtain) access to the Banner Finance system
 - Training begins with a Fiscal Responsibilities and Internal Controls course and is followed by individual modules and testing depending on the level of Banner access the user needs – from full transaction access (budget entries, journal vouchers, cash receipt and encumbrance removals) to more limited access

Summary

- VCU will have met ARMICS requirements for FY 2017 through the following:
 - Completion of the certifications by the departments to the Vice Presidents by June 30, 2017
 - Random testing of internal controls by the Controller's office
 - Identification of agency level risks and current mitigation strategies
 - Final certification to the Department of Accounts on September 30, 2017
- The ARMICS process is an on-going process that is now supplemented with the ERM program

**Virginia Commonwealth University
Board of Visitors Fund Annual Report**

The Board of Visitors established a donor-advised, restricted fund known as the Board of Visitors (BOV) Fund at the May 2012 meeting. Direct contributions from members of the BOV or friends provide the monies for the fund. The monies in this fund shall only be used for scholarships, faculty and staff recognitions, and other projects, undertaking or expense which the BOV deems to be in the best interests of VCU.

BOV Fund
Year Ended June 30, 2017

Beginning Balance	\$44,350
Expenses:	
Scholarships	<u>4,000</u>
Ending Balance	<u>\$40,350</u>

VCU Small, Women and Minority (SWaM) Owned Business Discretionary Spend FY 2013-2017

Fiscal Year	SWaM \$	Non SWaM \$	Total \$	SWaM %
FY 2017	\$88,510,491	\$93,037,658	\$181,548,149	49%
FY 2016	77,716,883	110,558,926	188,275,809	41%
FY 2015	80,895,224	96,923,717	177,818,941	45%
FY 2014	89,623,339	132,463,327	222,086,666	40%
FY 2013	120,933,901	145,046,091	265,979,992	45%
5 Year Average	\$91,535,968	\$115,605,944	\$207,141,912	44%