



## FINANCE, BUDGET AND INVESTMENT COMMITTEE

**11:15 AM**

**SEPTEMBER 17, 2021**

**JAMES BRANCH CABELL LIBRARY ROOM 303**

**RICHMOND, VIRGINIA**

### AGENDA

- 1. CALL TO ORDER** *Mr. Stuart Siegel, Chair*
- 2. APPROVAL OF MINUTES (May 13, 2021)** *Mr. Stuart Siegel, Chair*
- 3. ACTION ITEMS:**
  - a. FBI COMMITTEE CHARTER AND PLANNER *Ms. Karol Kain Gray, Senior Vice President and CFO*
  - b. RESOLUTION: APPROVAL OF INCREASE IN DESIGNATION OF QUASI ENDOWMENT
  - c. AMENDMENT TO SIX YEAR CAPITAL PLAN Renovations of Founders Hall *Dr. Meredith Weiss, Vice President for Administration*
- 4. REPORT FROM SENIOR VICE PRESIDENT FOR FINANCE AND BUDGET** *Ms. Karol Kain Gray, Senior Vice President and CFO*
  - a. Reporting Structure of Related Foundations and VCIMCO
  - b. VCU Investment Management Company Report
  - c. Annual Debt Report
  - d. VCU Budget Update
- 5. Facilities WAM Overview** *Dr. Meredith Weiss, Vice President for Administration*
- 6. MISCELLANEOUS REPORTS:** *Mr. Stuart Siegel, Chair*

For Informational Purposes Only:

  - a. Sources and Uses Funding
  - b. Revenue and Expense Summary as of June 30, 2021
  - c. VCU Health System and Financial Operations as of June 30, 2021
  - d. Treasurer's Report
  - e. Agency Risk Management and Internal Controls Standards (ARMICS)
  - f. Board of Visitors Fund Annual Report as of June 30, 2021
  - g. Capital Projects Update
- 7. OTHER BUSINESS** *Mr. Stuart Siegel, Chair*
- 8. ADJOURNMENT** *Mr. Stuart Siegel, Chair*



**BOARD OF VISITORS  
FINANCE, BUDGET AND INVESTMENT COMMITTEE  
MAY 13TH, 2021  
IN-PERSON AND VIRTUAL  
MINUTES**

**DRAFT**

**COMMITTEE MEMBERS PRESENT**

Mr. Stuart C. Seigel, chair  
Mr. Todd P. Haymore, vice chair  
Mr. Edward L. McCoy

**COMMITTEE MEMBERS PRESENT VIRTUALLY**

Ms. Pamela El  
Mr. G. Richard Wagoneer, Jr.

**COMMITTEE MEMBERS ABSENT**

Dr. Gopinath Jadhav  
Ms. Alexis Swann

**OTHER BOARD MEMBERS PRESENT**

Mr. Keith T. Parker, Rector  
Mr. H. Benson Dendy, III, Vice Rector  
Ms. Carolina Espinal  
Ambassador Carmen Lomellin  
Dr. Tonya Parris-Wilkins  
Ms. Coleen Santa Ana  
Dr. Shantaram Talegaonkar

**OTHERS PRESENT:**

Dr. Michael Rao, President  
Ms. Karol Kain Gray, Senior Vice President for Finance and Budget and CFO  
Dr. Meredith Weiss, Vice President of Administration  
Staff and students from VCU and VCUHS

**CALL TO ORDER:**

Mr. Stuart Seigel, Chair of the Finance, Budget and Investment Committee, called the meeting to order at 1:54 p.m.

**APPROVAL OF AGENDA:**

Mr. Siegel asked for a motion to approve the agenda for the May 13, 2021 meeting of the Finance, Budget and Investment Committee, as published. After motion duly made and seconded, the agenda for the Finance, Budget and Investment Committee meeting was approved.

<u>Vote</u>	<u>Ayes</u>	<u>Nays</u>
Mr. Stuart Siegel, Chair	X	
Mr. Todd Haymore, Vice Chair	X	
Ms. Pamela El	X	
Mr. Edward L. McCoy	X	
Ms. Alexis Swann	X	
Mr. G. Richard Wagoneer, Jr.	X	
Mr. Keith T. Parker, Rector	X	
Mr. H. Benson Dendy, III, Vice Rector	X	
Ms. Carolina Espinal	X	
Ambassador Carmen Lomellin	X	
Dr. Tonya Parris-Wilkins	X	
Ms. Coleen Santa Ana	X	
Dr. Shantaram Talegaonkar	X	

**OPEN SESSION ITEMS:**

Mr. Siegel began at by asking Ms. Gray to present the proposed 2021-22 Tuition and Fees and University Budget Plan. Mr. Seigel noted that this item will be presented at tomorrow’s full board meeting for approval.

Ms. Gray presented the 2021-22 budget recommending no tuition increase for in- and out-of-state undergraduate, graduate and professional students. This is the third consecutive year the board has voted to freeze undergraduate tuition. In addition, Ms. Gray recommended the increase of some mandatory student fees by \$153. The increased fees will support multiple areas of the university, including technology, advising, mental health and veteran services. The budget presented also includes an average 5 percent raise for eligible university faculty and staff, effective July 1.

Mr. Siegel asked Ms. Gray to present the three resolutions for action:

1. **Administrative Titles in Financing-Related Resolutions.** The committee recommended approval of resolution to update the current titles of those officers for the relevant resolutions.
2. **Sunoco Property Funding Authorization** – The committee recommended approval of the resolution to authorize financing for the acquisition of the Property at 600 and 606 West Grace Street from the VCU Real Estate Foundation. As previously approved in May 2018, this resolution includes execution of all documents necessary for the acquisition and financing of the property for a total cost not to exceed \$4.8 million plus associated settlement, due diligence, and transactional costs and to authorize an amendment to include the property in the university’s current six-year capital plan.

3. **Broad and Belvidere Renovation Funding Authorization** –The committee recommended approval of funding the estimated \$9.1 million renovation project to the 2003 facility. The VCU Real Estate Foundation (REF) anticipates funding approximately \$3.2 million of these expenditures with reserves. The balance of approximately \$5.9 million would be funded through debt issued by the university and supported by a financing agreement with the REF to pay all financing costs along with principal and interest.

On motion duly made and seconded, the three resolutions to recommend approval to the full board were approved by a roll call vote:

<u>Vote</u>	<u>Ayes</u>	<u>Nays</u>
Mr. Stuart Siegel, Chair	X	
Mr. Todd Haymore, Vice Chair	X	
Ms. Pamela El	X	
Mr. Edward L. McCoy	X	
Ms. Alexis Swann	X	
Mr. G. Richard Wagoneer, Jr.	X	
Mr. Keith T. Parker, Rector	X	
Mr. H. Benson Dendy, III, Vice Rector	X	
Ms. Carolina Espinal	X	
Ambassador Carmen Lomellin	X	
Dr. Tonya Parris-Wilkins	X	
Ms. Coleen Santa Ana	X	
Dr. Shantaram Talegaonkar	X	

A copy of the Administrative Titles in Financing-Related Resolutions is attached hereto as **Attachment A** and is made a part hereof.

A copy of the Sunoco Property Funding Authorization is attached hereto as **Attachment B** and is made a part hereof.

A copy of the Broad and Belvidere Renovation Funding Authorization is attached hereto as **Attachment C** and is made a part hereof.

**Approval of the 2022-2028 Six Year Capital Plan (attached)**

Mr. Siegel asked Dr. Weiss to present the 2022-2028 Six Year Capital Plan.

The committee recommended approval of the VCU 2022-2028 Six Year Capital Plan. As part of the Commonwealth’s biennial budget process, VCU prepares this six -year projection of capital

outlay needs in priority order as outlined in the ONE VCU Master Plan. The plan focused on several key themes:

- Iconic Greens
- Welcoming Front Doors and Streetscapes
- Nationally Prominent Art and Innovations Corridor
- Interdisciplinary Academic and Lab Building
- State of the Art Student Commons
- Honors Residence and Retail Space
- Athletic Village
- New Health System and Health Sciences Campus

On motion duly made and seconded, the resolution to recommend approval of the 2022-2028 Six Year Capital Plan to the full board was approved by a roll call vote:

<u>Vote</u>	<u>Ayes</u>	<u>Nays</u>
Mr. Stuart Siegel, Chair	X	
Mr. Todd Haymore, Vice Chair	X	
Ms. Pamela El	X	
Mr. Edward L. McCoy	X	
Ms. Alexis Swann	X	
Mr. G. Richard Wagoneer, Jr.	X	
Mr. Keith T. Parker, Rector	X	
Mr. H. Benson Dendy, III, Vice Rector	X	
Ms. Carolina Espinal	X	
Ambassador Carmen Lomellin	X	
Dr. Tonya Parris-Wilkins	X	
Ms. Coleen Santa Ana	X	
Dr. Shantaram Talegaonkar	X	

A copy of the resolution to recommend approval of the 2022-2028 Six Year Capital Plan is attached hereto as ***Attachment D*** and is made a part hereof.

**SENIOR VICE PRESIDENT’S REPORT:**

Mr. Siegel asked Ms. Gray to report on the University’s Small Women-Owned and Minority (SWAM) procurement efforts.

Ms. Gray noted a year to date (as of March 202) spend of \$66.4 million. Several board members asked about SWAM opportunities and networking with SWAM vendors to increase the total spend. The chair asked for a report on SWAM for the full board at the next meeting. Ms. Gray and the Procurement team continue to focus efforts to increase SWAM vendor opportunities for greater participation.

**REPORTS FOR INFORMATIONAL PURPOSES:**

Mr. Siegel noted that there were several reports for informational purposes, specifically, the Revenue and Expense Summary, VCU Health System and Financial Operations, Treasurer’s Report, and Capital Projects Update.

A copy of the presentations are attached hereto as *Attachment E* and is made a part hereof.

**CLOSED SESSION:**

Mr. Siegel, Chair, then moved that the Finance, Budget and Investment Committee convene into closed session pursuant to Section 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, specifically related to the acquisition of real property near or adjacent to the Monroe Park Campus and/or MC Campus for the expansion of campus facilities or real property to be used for administrative purposes. The motion was seconded and was approved by a roll call vote:

<b><u>Vote</u></b>	<b><u>Ayes</u></b>	<b><u>Nays</u></b>
Mr. Stuart Siegel, Chair	X	
Mr. Todd Haymore, Vice Chair	X	
Ms. Pamela El	X	
Mr. Edward L. McCoy	X	
Ms. Alexis Swann	X	
Mr. G. Richard Wagoneer, Jr.	X	
Mr. Keith T. Parker, Rector	X	
Mr. H. Benson Dendy, III, Vice Rector	X	
Ms. Carolina Espinal	X	
Ambassador Carmen Lomellin	X	
Dr. Tonya Parris-Wilkins	X	
Ms. Coleen Santa Ana	X	
Dr. Shantaram Talegaonkar	X	

**RECONVENED SESSION:**

Following the closed session, the public was invited to return to the meeting. Mr. Siegel, 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 meeting of the Finance, Budget and Investment 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. Stuart Siegel, Chair	X	
Mr. Todd Haymore, Vice Chair	X	
Ms. Pamela El	X	
Mr. Edward L. McCoy	X	
Ms. Alexis Swann	X	
Mr. G. Richard Wagoneer, Jr.	X	
Mr. Keith T. Parker, Rector	X	
Mr. H. Benson Dendy, III, Vice Rector	X	
Ms. Carolina Espinal	X	
Ambassador Carmen Lomellin	X	
Dr. Tonya Parris-Wilkins	X	
Ms. Coleen Santa Ana	X	
Dr. Shantaram Talegaonkar	X	

All committee members and other board members in attendance responding affirmatively, the resolution of certification was unanimously adopted.

**ADJOURNMENT:**

There being no further business, Mr. Siegel adjourned the meeting at 3:14 pm.

# ATTACHMENT A

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

ADOPTED MAY 14, 2021

### Actions Related to General Revenue Pledge Bonds

WHEREAS, in furtherance of its powers to finance or refinance a series of projects the Board of Visitors (the "Board") and the Executive Committee of the Board have adopted various resolutions authorizing the incurrence of debt to finance or refinance projects and named various officers of Virginia Commonwealth University (the "University") as authorized officers who are authorized or have been delegated authority to take certain actions regarding the incurrence of debt and the financing and refinancing of projects, including those resolutions identified on Schedule I (collectively, the "Prior Resolutions"); and

WHEREAS, since those resolutions were adopted the titles of the officers named in the Prior Resolutions has changed; and

WHEREAS, the Board has determined to ratify and reaffirm the authorizations and delegations in the Prior Resolutions and identify the current titles of the authorized officers under the Prior Resolutions.

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

RESOLVED, that the Board hereby ratifies and reaffirms the authorizations and delegations made in the Prior Resolutions; and

RESOLVED FURTHER, that the President of the University, the Senior Vice President and Chief Financial Officer of the University and the Treasurer of the University (collectively, the "Authorized Officers") are hereby authorized to be the officers with the power to act under the authority and delegations granted by the Prior Resolutions, which powers include (i) the authority to take certain actions to refinance projects without further action from the Board, (ii) the authority to hold public hearings pursuant to the Section 147(f) of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder, to ensure the tax-exempt status of interest on all or a portion of any bonds of the University, and (iii) the authority to declare the "official intent" of the University to reimburse any expenditures made in connection with a capital project with the proceeds of long-term tax-exempt debt to be issued by or on behalf of the University for purposes of Treasury Regulation Section 1.150-2(d) and (e); and

RESOLVED FURTHER that all acts of all officers of the University which are in conformity with the purposes and intent of this Resolution and in carrying out the financing plans presented to this meeting are ratified, approved and affirmed; and

RESOLVED FURTHER that, upon approval, this action shall take effect immediately.



## **Schedule I**

### **Prior Resolutions**

Confirming Designation of the University's Officers as Authorized to Declare Official Intent to Issue Bonds to Reimburse Expenditures, adopted September 19, 2013, by the Board of Visitors of Virginia Commonwealth University

Authorization of Refunding of the University's Debt, adopted March 4, 2014, by the Executive Committee of the Board of Visitors of Virginia Commonwealth University

Authority of Certain Officers to Execute Financing Documents, adopted September 15, 2016, by the Board of Visitors of Virginia Commonwealth University

# ATTACHMENT B

## Virginia Commonwealth University Funding Authorization 600 and 606 West Grace Street

### **Background**

The Property is located at 600 and 606 West Grace Street, within the same block as the Institute for Contemporary Art (ICA). In May 2018, the Board of Visitors authorized the University to enter into an arrangement with the VCU Real Estate Foundation's (REF) to provide for the ultimate acquisition of the property by the University on a "break-even" basis at some point in the future. Accordingly, VCU intends to purchase the Property from the REF in early fiscal year 21-22. The former improvements (a Sunoco service station) have been demolished and the site is currently used and maintained by VCU.

### **Purpose and justification**

With the acquisition of the Property, the university can begin planned improvements near the intersection of Broad and Belvidere, including welcoming front doors and streetscapes for the Monroe Park Campus and projects to begin the "Grace Street as Main Street" experience for the VCU community.

### **Cost and funding source**

The "break-even" cost the REF has incurred to date is approximately \$4.8 million. This includes all acquisition, demolition and carrying costs. The purchase of the Property will be funded through debt issued by the university.

### **Zoning, and Environmental Matters**

The Property is zoned B-4 - Central Business. The Property was previously environmentally remediated; the REF conducted customary due diligence, including a Phase I site assessment, and no significant concerns were identified.

### **Recommendation or Action**

Approve the resolution to authorize financing for the acquisition of the Property at 600 and 606 West Grace Street from the VCU Real Estate Foundation as previously approved in May 2018 and to execute all documents necessary for the acquisition and financing of the property for a total cost not to exceed \$4.8 million plus associated settlement, due diligence, and transactional costs.

Authorize an amendment to include the property in the university's current six-year capital plan.

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

**WHEREAS**, Chapter 6.1, Title 23.1 of the Code of Virginia of 1950, as amended (the "Virginia Code"), establishes a public corporation under the name and style of Virginia Commonwealth University (the "University") which is governed by a Board of Visitors (the "Board") vested with the supervision, management and control of the University;

**WHEREAS**, Title 23.1 of the Virginia Code classifies the University as an educational institution of the Commonwealth of Virginia;

**WHEREAS**, by Chapter 4.10, Title 23.1 of the Virginia Code, the University entered into a management agreement with the Commonwealth of Virginia which was enacted as Chapter 594 of the Acts of Assembly of 2008 which, as amended, classifies the University as a public institution of higher education and empowers the University with the authority to undertake and implement the acquisition of any interest in land;

**WHEREAS**, the Board's policy on the Authority to Execute Contracts and Other Documents requires Board approval for the acquisition of real estate;

**WHEREAS**, on March 22, 2018, the Board approved the acquisition of real estate located at 600-606 W. Grace St. (the "Property").

**NOW, THEREFORE, BE IT RESOLVED**, that the President, Senior Vice President/Chief Financial Officer, and Vice President for Administration are hereby authorized, directed and empowered to execute, for and on behalf of the University and in its name, any and all documents required in connection with the purchase of the Property, including, without limitation, the incurrence of indebtedness to finance the acquisition of the Property, either through the use of the University's commercial paper program or otherwise; and that;

**RESOLVED FURTHER**, any actions within the authority conferred hereby, taken prior to the date of the foregoing resolutions, by the aforementioned officers or those delegated to act on their behalf, are hereby ratified, confirmed and approved as the acts and deeds of the University.

# ATTACHMENT C

**Virginia Commonwealth University**  
**Renovation Financing**  
**Broad and Belvidere Housing**  
**732 West Broad Street**

## **Background**

VCU and the VCU Real Estate Foundation (REF) entered an agreement in February 2003 to manage the student housing facility on the corner of Broad and Belvidere (Broad and Belvidere Housing). Under the agreement, the REF constructed, equipped and furnished the facility and the university managed operations. Broad and Belvidere Housing can accommodate 487 student beds and typically achieves high occupancy levels.

## **Purpose and justification**

Broad and Belvidere Housing requires all new building finishes throughout, including flooring and paint, appliances, doors and furniture. New HVAC will be installed throughout the facility as well. VCU recommends renovations begin immediately and be completed prior to students' return to campus in Fall 2021.

## **Cost and funding source**

The total cost of the renovations is estimated at \$9.6 million. The REF anticipates funding approximately \$3.7 million of these expenditures with reserves and the REF existing line of credit. The balance of approximately \$5.9 million is requested to be funded through debt issued by the university and supported by a financing agreement with the REF to pay all financing costs along with principal and interest.

## **Recommendation**

Approve the resolution to authorize financing for the renovation of Broad and Belvidere Housing supported by a financing agreement between the university and the VCU Real Estate Foundation (REF) whereby the REF makes full repayment of all principal, interest and financing costs.

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

**Broad and Belvidere Housing Renovation Project Financing**

**WHEREAS**, Chapter 23, Title 23.1 of the Code of Virginia of 1950, as amended (the "Virginia Code"), establishes a public corporation under the name and style of Virginia Commonwealth University (the "University") which is governed by a Board of Visitors (the "Board") vested with the supervision, management and control of the University;

**WHEREAS**, Title 23.1 of the Virginia Code classifies the University as an educational institution of the Commonwealth of Virginia;

**WHEREAS**, by Chapter 10, Title 23.1 of the Virginia Code, the University entered into a management agreement with the Commonwealth of Virginia which was enacted as Chapter 594 of the Acts of Assembly of 2008 which, as amended, classifies the University as a public institution of higher education and empowers the University with the authority to undertake and implement the acquisition of any interest in land;

**WHEREAS**, on February 1, 2003, the University executed a Management Contract with the Virginia Commonwealth University Real Estate Foundation ("REF") whereby REF constructed, equipped, and furnished, and the University manages and operates, a student housing facility on the corner of Broad and Belvidere (the "Broad and Belvidere Housing") in support of residential access for Monroe Park Campus students of the University;

**WHEREAS**, renovations are recommended at an estimated cost of \$9.6 million; and

**WHEREAS**, REF has requested assistance in financing \$5.9 million of the cost, with REF and the University entering into a financing agreement whereby REF pays all financing costs along with all principal and interest.

**NOW, THEREFORE, BE IT RESOLVED**, that the recommended renovations are approved and the incurrence of indebtedness to finance all or a portion of their cost is approved; and

**RESOLVED FURTHER**, that the President, Senior Vice President/Chief Financial Officer, and Treasurer are hereby authorized, directed and empowered to execute, for and on behalf of the University and in its name, any and all documents and any agreements or modifications to existing agreements with any University-affiliated foundations required in connection with the financing of these renovations, including without limitation the incurrence of indebtedness to finance this project either through the use of the University's commercial paper program or otherwise; and

**RESOLVED FURTHER**, any actions within the authority conferred hereby, taken prior to the date of the foregoing resolutions, by the aforementioned officers or those delegated to act on their behalf, are hereby ratified, confirmed and approved as the acts and deeds of the University.

# ATTACHMENT D

## **2022-2028 Six-Year Capital Plan**

**ONE VCU: The most  
transformative capital plan in  
VCU's history**



VCU Board of Visitors  
May 2021

# Iconic Greens







VCU

A man in a dark hoodie and pants walking away from the camera.

A woman with long brown hair, wearing a dark jacket and pants, walking towards the camera.

A woman in blue scrubs walking towards the camera.

A woman in blue scrubs walking towards the camera.

A person in a pink hoodie sitting on a yellow folding chair.

A person pushing a stroller in the courtyard.

An elderly man with a cane walking towards the camera.

An elderly man in a red shirt and tan pants walking towards the camera.

A man sitting on a wooden bench in the courtyard.

A doctor in a white lab coat with a stethoscope around his neck, looking towards the right.

# **Welcoming Front Doors and Streetscapes**





# **Nationally Prominent Art and Innovation Corridor**

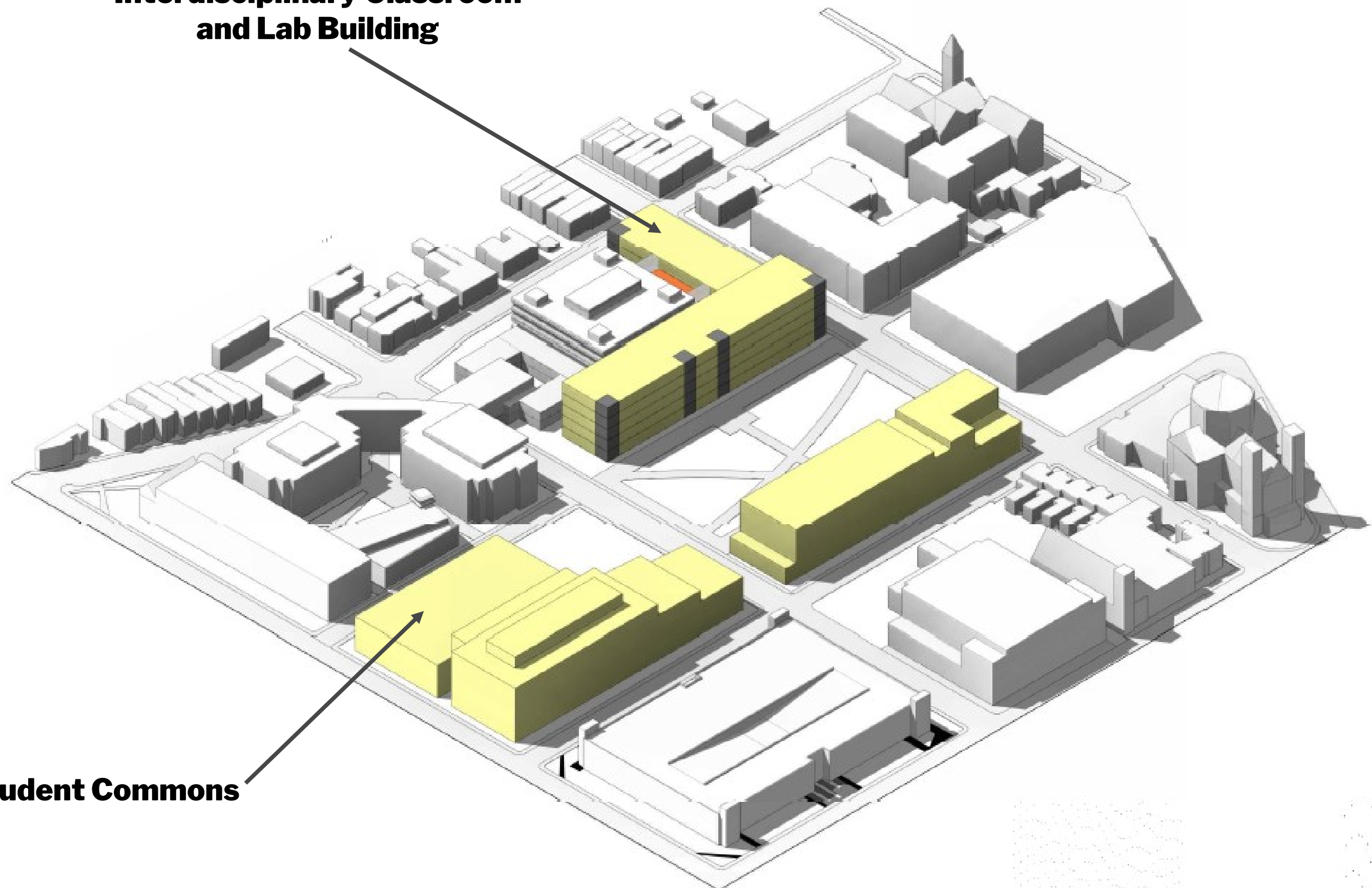






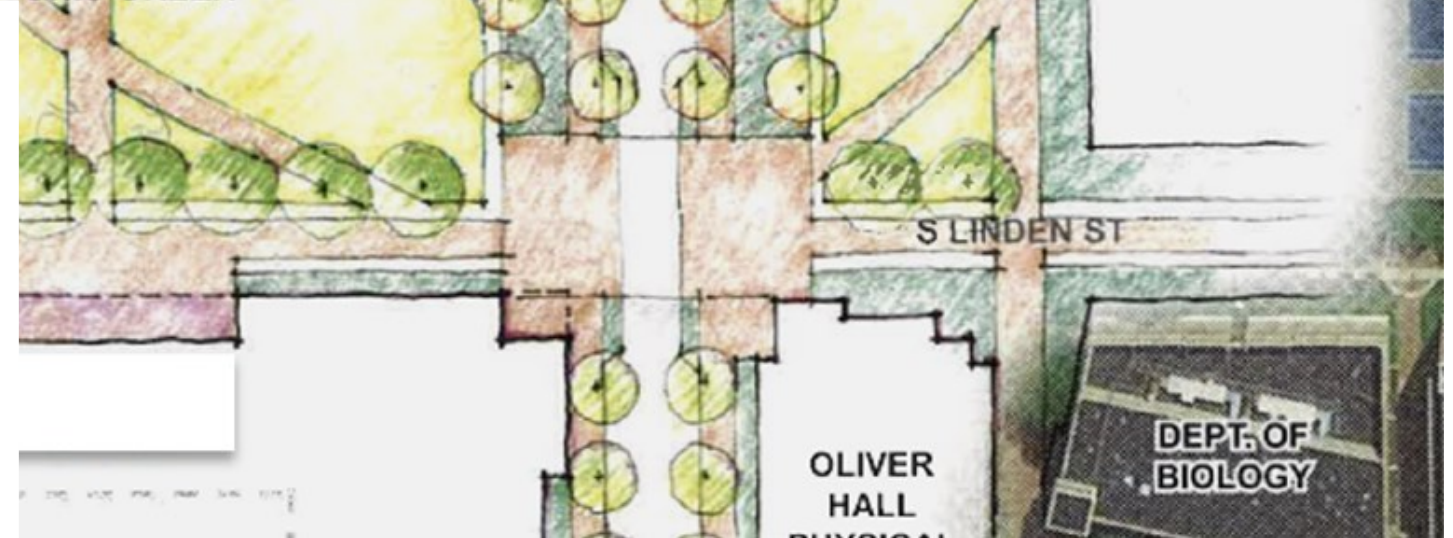
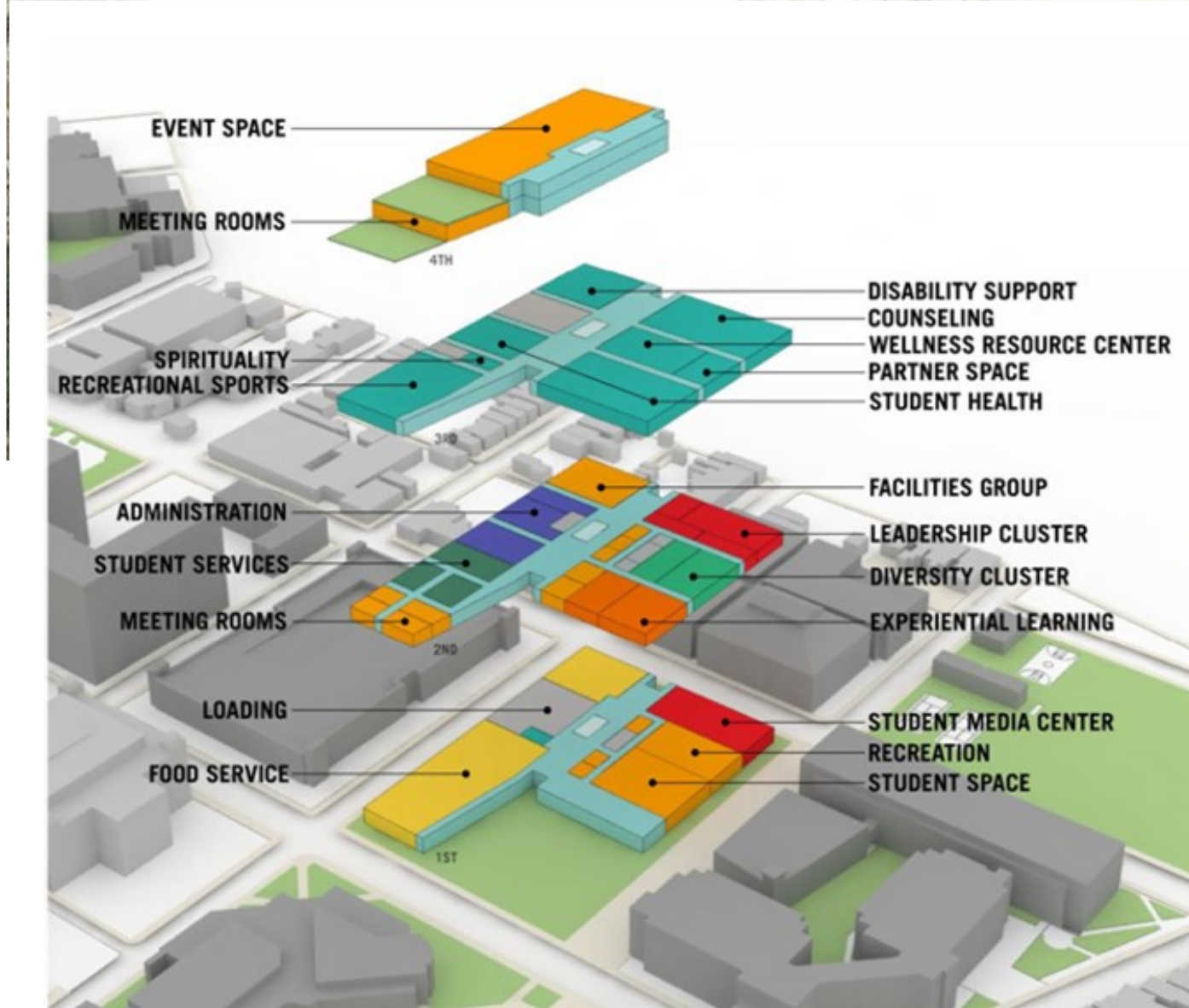
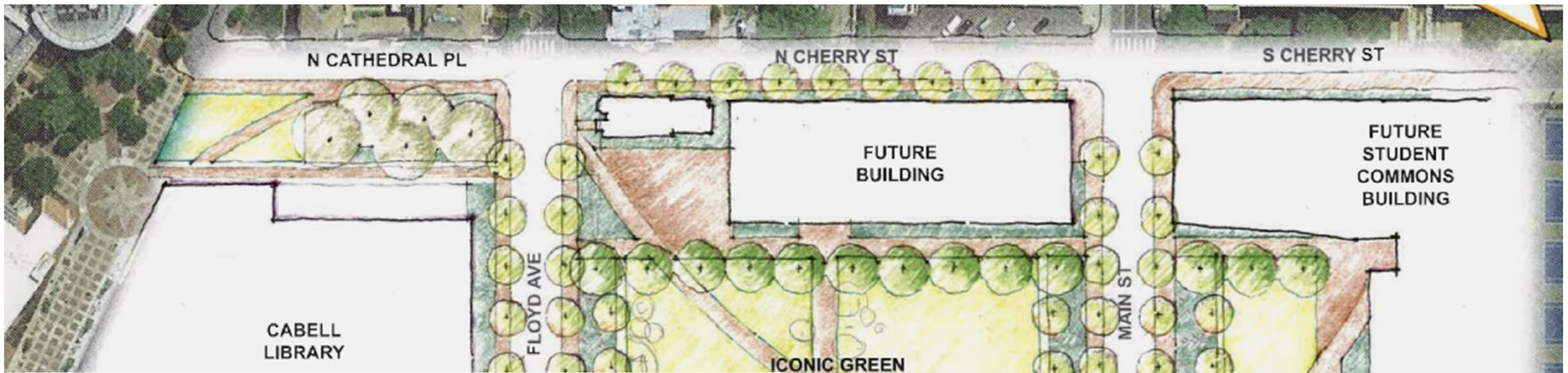
# **Interdisciplinary Classroom and Laboratory Building**

**Interdisciplinary Classroom  
and Lab Building**



**Student Commons**

# **State-of-the-Art Student Commons**



# **Honors Residence and Retail**



# Athletic Village







# **A New Health System Campus**





VCU Health

VCU Health

The Doorways  
WOMEN'S HEALTH & WELLNESS

Ronald McDonald House

# Major Projects

Biennium 2022-2024

Project	State General Fund	Non-General Fund		Total
		Cash/Private/Debt	P3	
<b>State Projects</b>				
STEM Furnishings & Equipment	\$ 10,966,850	\$ -	\$ -	\$ 10,966,850
Arts and Innovation Building	\$ 163,000,567	\$ 18,000,000	\$ -	\$ 181,000,567
Interdisciplinary Classroom and Lab Building	\$ 152,036,070	\$ -	\$ -	\$ 152,036,070
<b>University Projects</b>				
VCU Athletic Village Land	\$ -	TBD	\$ -	\$ -
Front Doors, Campus Main Streets, Streetscapes & Lighting	\$ -	\$ 7,483,995	\$ -	\$ 7,483,995
VCU Athletic Village Tennis Facility	\$ -	TBD	\$ -	\$ -
VCU Athletic Village Practice Fields	\$ -	TBD	\$ -	\$ -
<b>Total</b>	\$ 326,003,487	\$ 25,483,995	\$ -	\$ 351,487,482.00

Costs are estimated.

Renovation and maintenance projects occur each year and are funded by state general fund allocation and/or school funds; they are brought to the Board of Visitors to be added to the capital plan when they rise to the level of a capital project.

# Major Projects

Biennium 2024-2026

Project	State General Fund	Non-General Fund		Total
		Cash/Private/Debt	P3	
<b>State Projects</b>				
School of Dentistry	\$ 196,165,861	\$ -	\$ -	\$ 196,165,861
<b>University Projects</b>				
Student Commons and Wellness Facility and Iconic Green	\$ -	\$ 156,293,186	\$ -	\$ 156,293,186
VCU Athletic Village Multipurpose Indoor Facility	\$ -	TBD	\$ -	TBD
Front Doors, Campus Main Streets, Streetscapes & Lighting	\$ -	\$ 3,579,183	\$ -	\$ 3,579,183
<b>Public Private Partnerships</b>				
Honors Residence Hall & Grace Street Streetscape	\$ -	\$ -	\$ 109,200,000	\$ 109,200,000
<b>Total</b>	\$ 196,165,861	\$ 159,872,369	\$ 109,200,000	\$ 465,238,230

Costs are estimated.

Renovation and maintenance projects occur each year and are funded by state general fund allocation and/or school funds; they are brought to the Board of Visitors to be added to the capital plan when they rise to the level of a capital project.

# Major Projects

Biennium 2026-2028

Projects	State General Fund	Non-General Fund		Total
		Cash/Private/Debt	P3	
<b>State Projects</b>				
Interdisciplinary Health Sciences Bldg., Library and Innovation Center with Central Green (Translational Science)	\$ 234,389,683	\$ 46,889,188	\$ -	\$ 281,278,871
<b>University Projects</b>				
Student Gallery	\$ -	\$ 18,500,000	\$ -	\$ 18,500,000
Recreation Facilities	\$ -	\$ 10,257,935	\$ -	\$ 10,257,935
Welcome Center	\$ -	\$ 64,500,000	\$ -	\$ 64,500,000
Front Doors, Campus Main Streets, Streetscapes & Lighting	\$ -	\$ 2,500,000	\$ -	\$ 2,500,000
<b>Total</b>	\$ 234,389,683	\$ 142,647,123	\$ -	\$ 377,036,806

Costs are estimated.

Renovation and maintenance projects occur each year and are funded by state general fund allocation and/or school funds; they are brought to the Board of Visitors to be added to the capital plan when they rise to the level of a capital project.

# Board of Visitors

## Finance, Budget & Investment Committee

May 13, 2021



**ATTACHMENT E**



# Agenda

1. Call To Order and Roll Call

2. Approval of Agenda

3. Action Items

a. PROPOSED 2021-22 Tuition and Fees and University Budget Plan



# Board of Visitors Meeting Finance, Budget and Investment

May 13, 2021  
Karol Kain Gray,  
Senior VP & CFO

# Agenda

- 2022 Educational and General Budget
- 2022 Tuition and Fees
- 2022 All Funds Budget

# 2022 Strategic Priorities

- Successfully transition to a post-pandemic environment
- Continue investment in student access, recruitment and retention
- Strengthen faculty and staff compensation
- Invest in infrastructure to maintain forward momentum

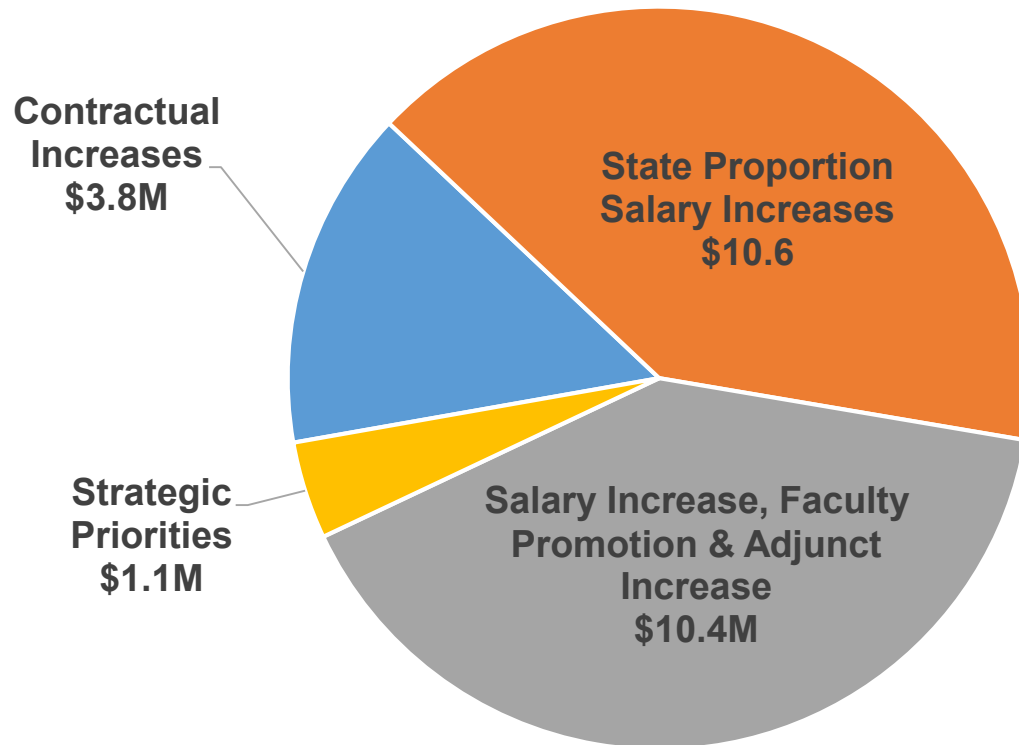
# New FY2022 E&G Budget Sources

## Tuition Growth and State Funding

Operating Item	FY22
Growth In Tuition (enrollment)	\$1.1M
State Affordable Access Operating Funds	\$14.3M
State Portion Merit Salary Increase (5%)	\$10.6M
<b>Total Education and General Funds</b>	<b>\$26M</b>
<b>Financial Aid and Specific Unit Funds</b>	
Massey Cancer Center	\$5.0M
Center for Aging	\$0.2M
Need-Based UG Financial Aid	\$4.6M
<b>Total Education and General Funds</b>	<b>\$9.8M</b>

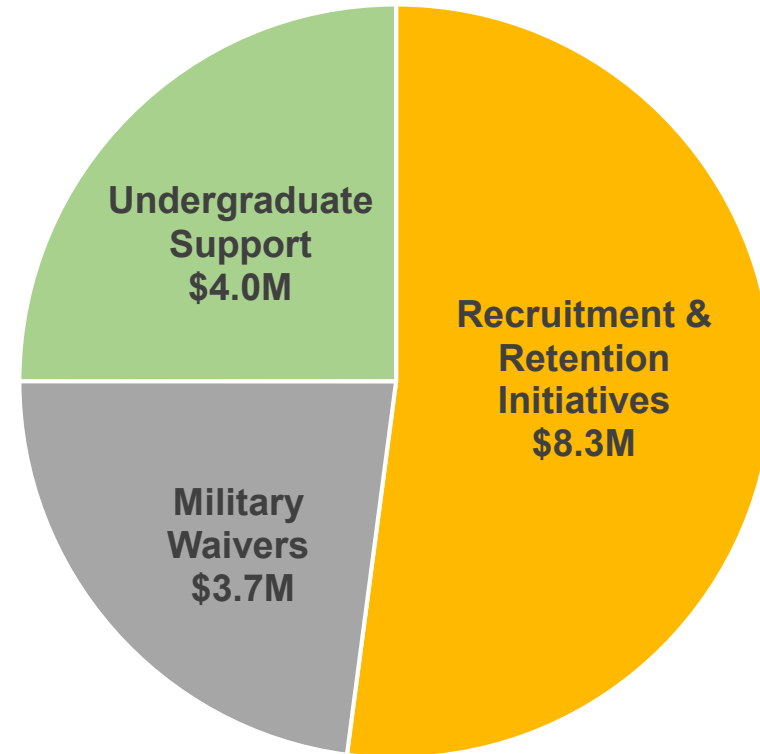
# FY2022 E&G Budget Needs

## Operational & Mandated Needs



**Total Need: \$25.9M**

## Financial Aid



**Total Need: \$16.0M**

# FY2022 E&G Overview

	Increase Range			
<b>Proposed FY2022 Tuition Rate Increase</b>	<b>0.0%</b>	<b>1.0%</b>	<b>2.0%</b>	<b>3.0%</b>
<b>\$ of UG Proposed Increase</b>	<b>\$ -</b>	<b>\$ 299</b>	<b>\$ 415</b>	<b>\$ 531</b>

## FY2022 Projected Revenue Growth

Other Tuition Rate Growth	\$ 0	\$ 3,441	\$ 6,882	\$ 10,322
Enrollment Growth	1,100	1,111	1,608	1,624
State Portion Salary Increases	10,553	10,923	10,923	10,923
State Support	14,329	14,329	14,329	14,329
<b>Total Revenue Growth</b>	<b>25,982</b>	<b>29,804</b>	<b>33,742</b>	<b>37,198</b>

## Proposed FY2022 Projected Expenses

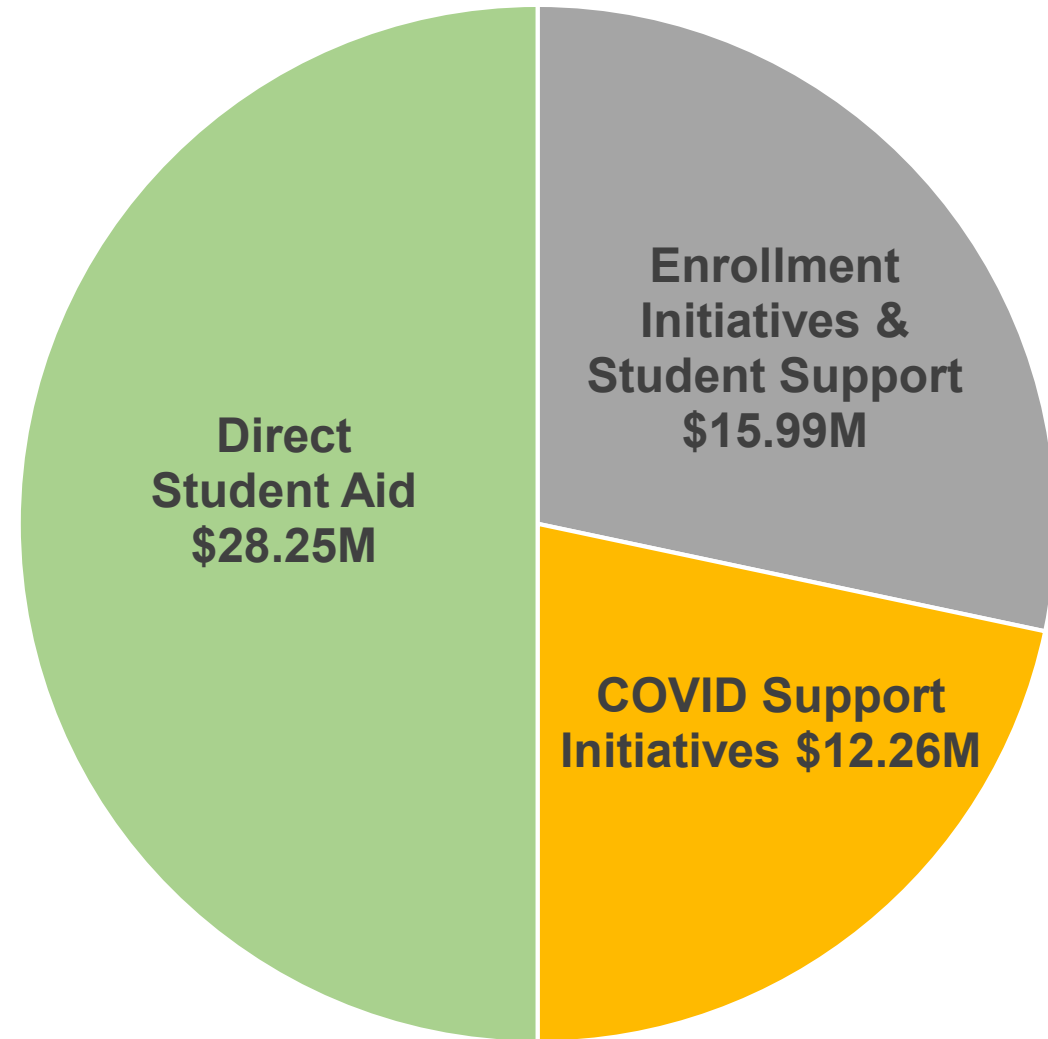
State Portion Salary Increases	(10,553)	(10,923)	(10,923)	(10,923)
Salary, Operating and Contractual Needs	(15,419)	(15,049)	(15,049)	(15,049)
Aid and Enrollment Initiatives	(16,003)	(16,003)	(16,003)	(16,000)
<b>Net Expense Needs</b>	<b>(41,975)</b>	<b>(41,975)</b>	<b>(41,975)</b>	<b>(41,972)</b>

<b>Projected Shortfall</b>	<b>(\$15,993)</b>	<b>(\$12,171)</b>	<b>(\$8,233)</b>	<b>(\$4,774)</b>
----------------------------	-------------------	-------------------	------------------	------------------

\*Shortfall to be funded from HEERF III  
and/or Additional Enrollment Growth

# FY2022 Planned Use of HEERF III

- Allocates \$56.5M to VCU 50% for direct student aid; 50% for the institution
- \$15.99M Institutional share planned for enrollment initiatives and student support
- Remaining \$12.26 funding allocated for lost revenues, additional COVID testing and PPE, financial aid and technology infrastructure improvements

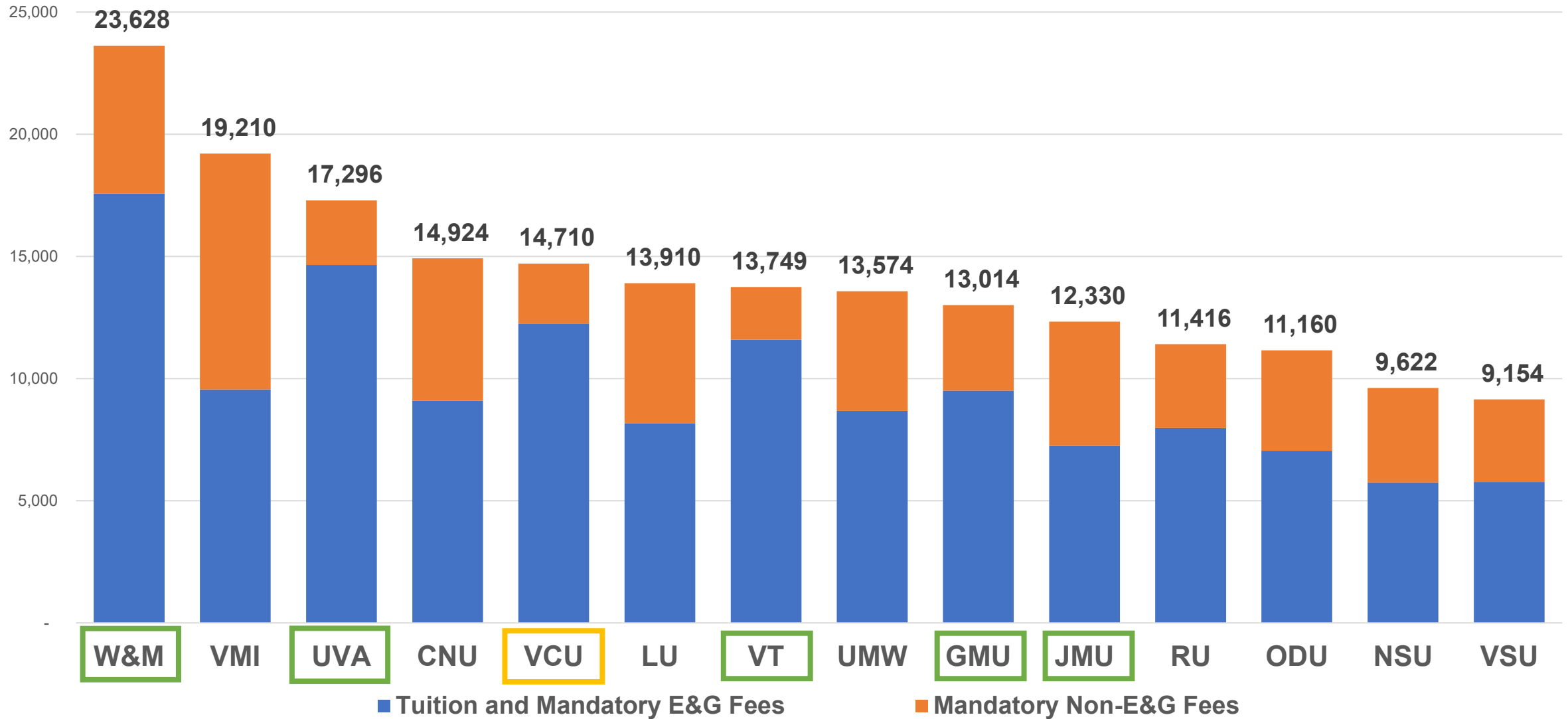




# **Summary of Recommended Tuition and Fees FY2022**



# Comparative In-State Tuition and Mandatory Fees (FY21 data)





# Tuition & Fees – Undergraduate Non-Resident

Non-Resident Undergraduate Tuition & Fees					
Tuition Increase %		0.0%	1.0%	2.0%	3.0%
Fee Increase %		4.4%	4.4%	4.4%	4.4%
<b>Overall Increase %</b>		<b>0.9%</b>	<b>1.8%</b>	<b>2.7%</b>	<b>3.6%</b>
	<b>FY2021</b>		<b>FY2022</b>		
Tuition <sup>1</sup>	32,742	32,742	33,090	33,410	33,728
Student Fees <sup>2</sup>	3,471	3,624	3,624	3,624	3,624
<b>Total Tuition &amp; Fees</b>	<b>\$ 36,213</b>	<b>\$ 36,366</b>	<b>\$ 36,714</b>	<b>\$ 37,034</b>	<b>\$ 37,352</b>
Total Proposed Increase		\$ 153	\$ 501	\$ 821	\$ 1,139

<sup>1</sup>Based on 15 credits a semester, 30 credits per academic year.

<sup>2</sup>Fees include the online and technology fee conversion

# Summary of Tuition Recommendations for FY2022

Tuition \$ Increase	Tuition % Increase	Fee \$ * Increase	Fee % Increase	Student Classification
-	0.0%	\$ 153	5.5%	Resident Undergraduate
-	0.0%	\$ 153	4.4%	Non-Resident Undergraduate
-	0.0%	\$ 153	5.5%	Resident Masters
-	0.0%	\$ 153	4.4%	Non-Resident Masters
-	0.0%	\$ 153	5.5%	Resident Doctoral
-	0.0%	\$ 153	4.4%	Non-Resident Doctoral
-	0.0%	\$ 211	6.8%	Resident Medicine
-	0.0%	\$ 211	5.6%	Non-Resident Medicine
-	0.0%	\$ 11	0.3%	Resident Pharmacy
-	0.0%	\$ 11	0.3%	Non-Resident Pharmacy
-	0.0%	\$ 688	4.1%	Resident Dentistry
-	0.0%	\$ 688	3.9%	Non-Resident Dentistry

**\*\$153 Full Time Increase for Mandatory Fees:**

- Technology and Online Combination net \$35
- University Fee \$107
- Health Service Fee \$11

# FY2022 Non-Mandatory Fees

**Housing Rates: increase of \$136 or 2%** to fund salary, utilities and contract cost increases. Most typical rate will be \$6,953.

**Dining Rates: increase of \$182 or 3.9%** to fund ARAMARK contract increase and increase of the minimum wage. Most typical rate will be \$4,662.

**Parking Rates: Increase of \$10 or 2%** to fund deferred maintenance, operations and alternate transportation initiatives. Most typical rates will be \$486.

# All Funds FY2021-2022 Budget



# Sponsored Programs= \$388M

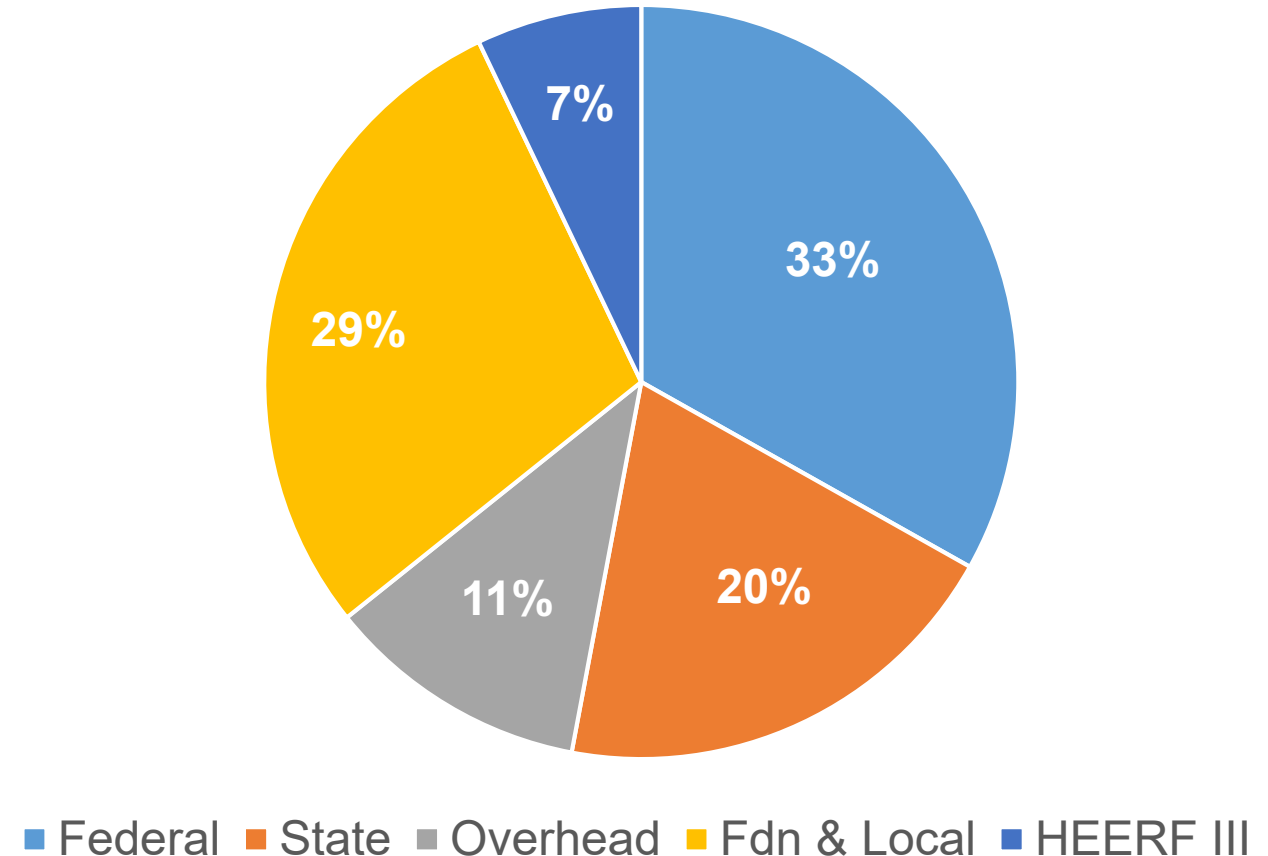
## Budgeted research expenditures

- FY18 \$225M to FY22 \$388M
- 72% increase in budget over the past 5 years
- Includes \$28M in HEERF III

## Significant grants awarded or expected include:

- PHLOW and M4All
- Translational Research Center in Lung Cancer Disparities (TRACER)
- VSU-MCC Partnership for Cancer Disparities Research and Training program (SUCCEED)

## Sources of Sponsored Funding



# Auxiliary Fund Total Uses = \$152M

## Dining

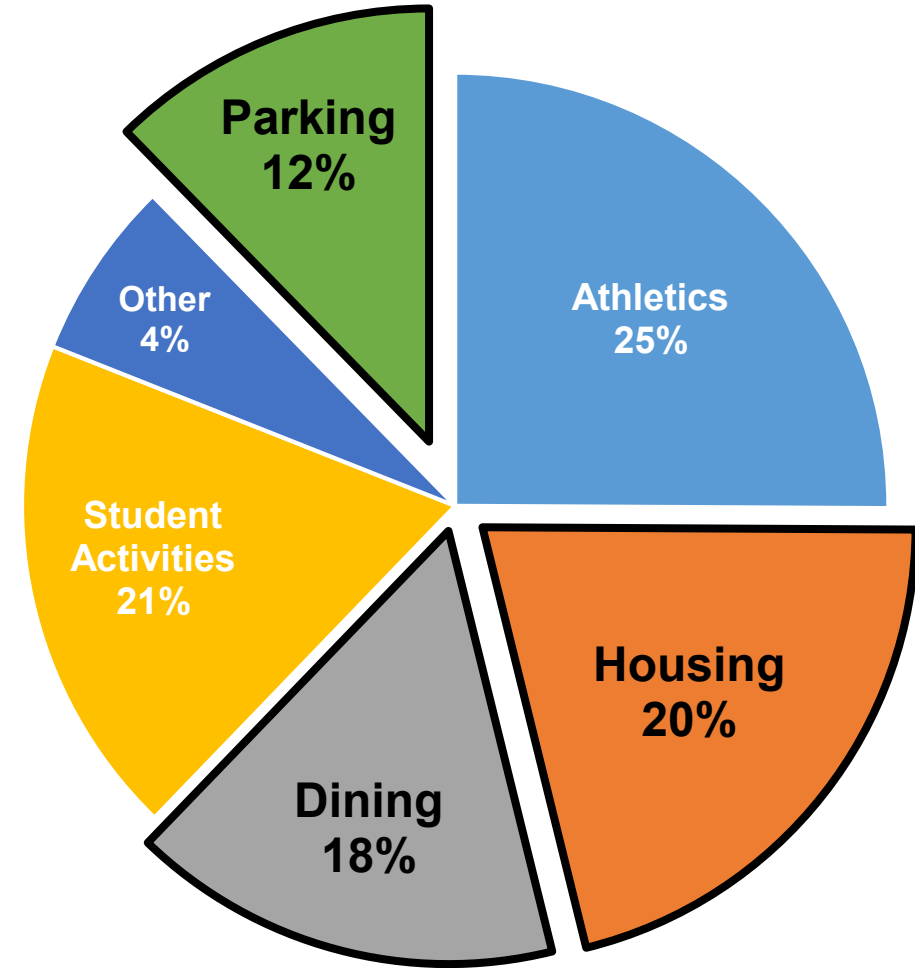
- Provide base salary increases to front line staff
- Continue to assess new vendors/locations
- 3.9% increase in average plan rates

## Housing

- Near-normal operations
- Reserve rooms for possible quarantine requirements
- 2% increase in most typical plan

## Parking

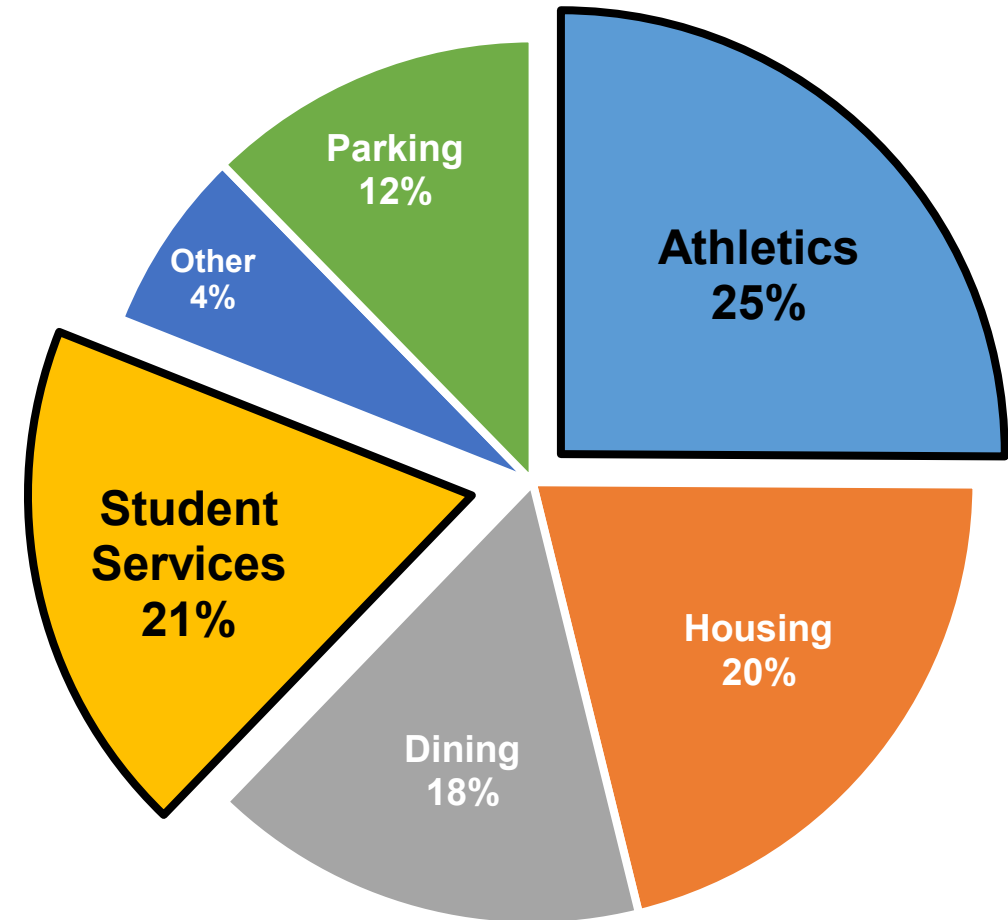
- Support maintenance and contractual needs
- 2% increase in student plan



# Auxiliary Fund Total Uses = \$152M

## Athletics & Student Services

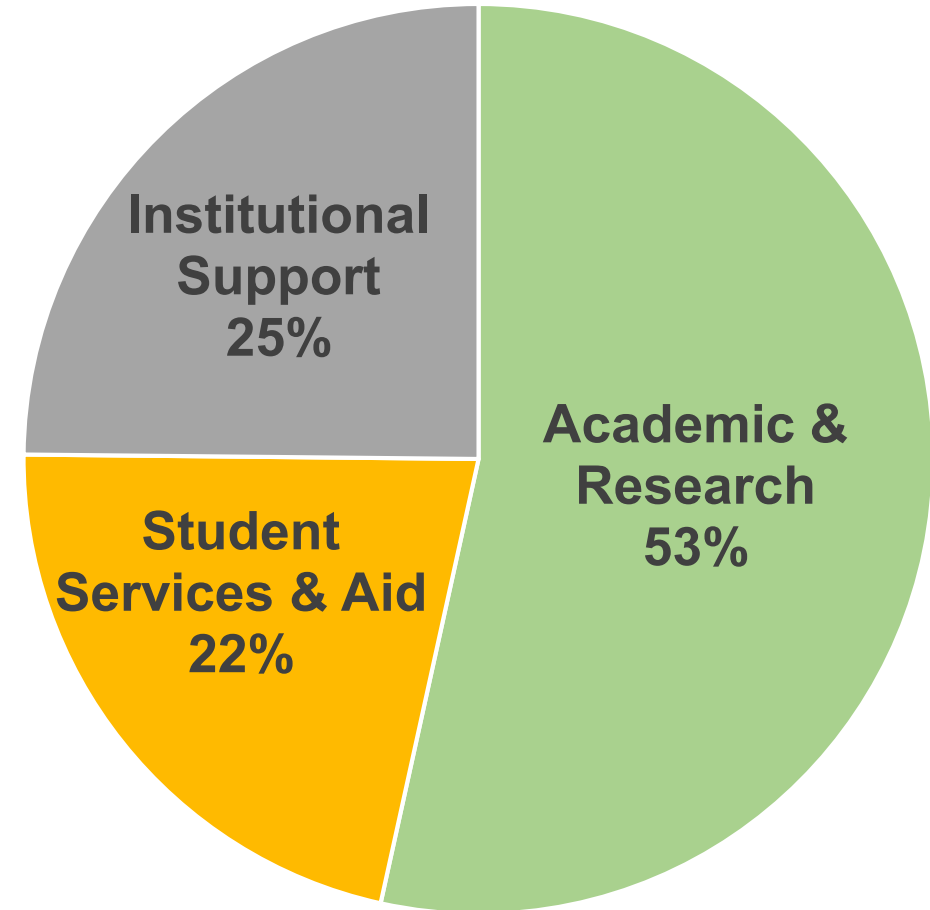
- Support contractual and salary increases as well as new debt service
- University fee and health fee increase by 5%
- Return to pre-pandemic levels for operations in athletics, student activities, recreational sports, counseling, etc.



# University Funds = \$56M

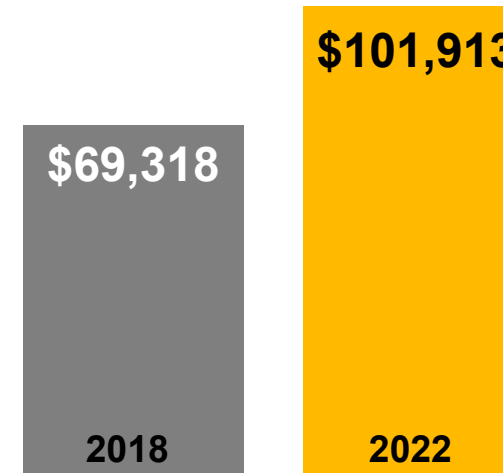
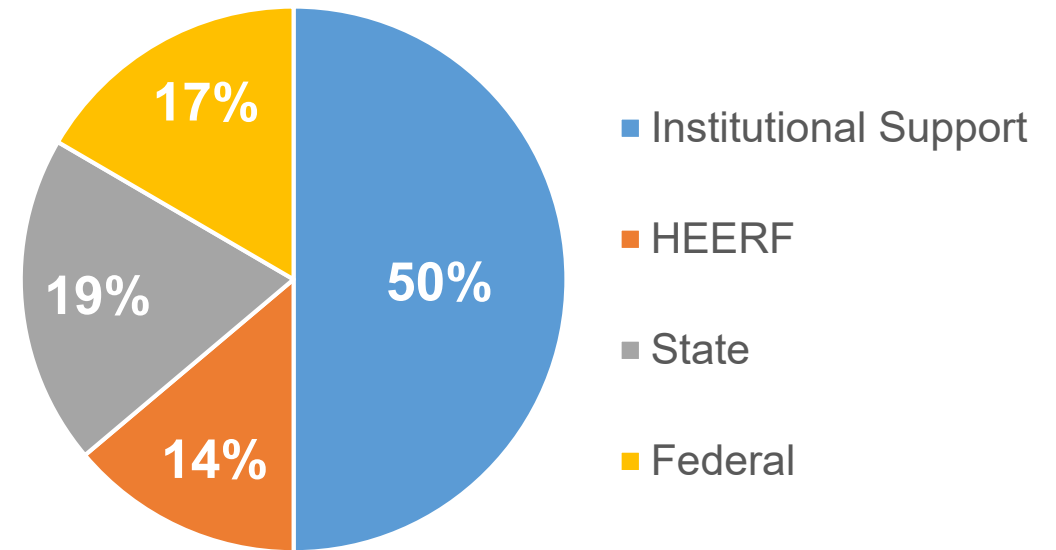
- Gift and investment income expenditures focus on academics and research
- Approximately \$12M is budgeted for student support
- New fundraising will leverage experience gained with online audience and will grow alumni connections

## University Funds Uses



# Financial Aid = \$204M

- \$102M in Federal and State support
- Includes \$28M of direct student support from HEERF funds
- Other federal funds support Pell and work-study
- Over a \$4M increase in State funding
- Increased institutional funding for undergraduates, non-residents and military waivers

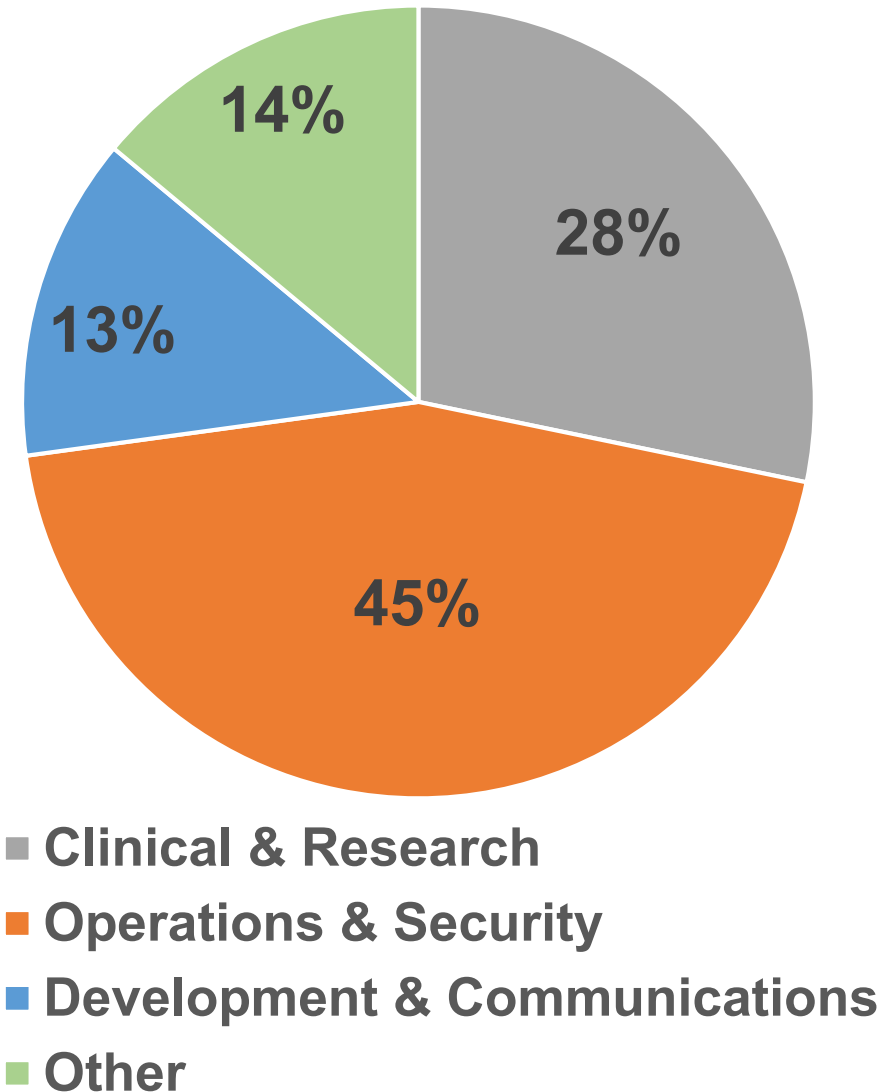


Growing institutional investment

Note: Summary of all funds only reflects Federal & State support

# Hospital Services = \$42M

- Research and clinical services include all health sciences schools plus Massey
- Operation and security includes utilities, telecomm and police services
- Development and communications are coordinated across VCU Health and university



**Virginia Commonwealth University**  
**FY2021-2022 University Budget Plan**  
**Sources Summary**  
*(in thousands)*

FY 2021-2022 Sources	Educational & General Programs	Sponsored Programs			Qatar	University Funds	Student Financial Assistance	Hospital Services	Total University
		Direct Costs	Facilities & Admin. Costs	Auxiliary Enterprises					
<b>State General Fund</b>									
Direct Appropriations	\$ 218,306	\$ 19,013	\$ -	\$ -	\$ -	\$ -	\$ 39,834	\$ -	\$ 277,153
Central Transfers	-	-	-	-	-	-	-	-	\$ -
<b>State General Fund</b>	<b>\$ 218,306</b>	<b>\$ 19,013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 39,834</b>	<b>\$ -</b>	<b>\$ 277,153</b>
<b>Nongeneral Funds</b>									
Student Tuition and Fees	439,392	-	-	61,825	-	-	-	-	501,217
Grants and Contracts	140	334,139	45,000	-	-	-	62,089	-	441,368
Gifts and Investment Earnings	100	-	-	5,662	-	44,750	-	-	50,512
Sales and Services	6,815	-	-	84,641	39,989	-	-	41,861	173,306
Other Sources	3,110	-	-	1,647	-	11,615	-	-	16,372
<b>Total Nongeneral Funds</b>	<b>449,557</b>	<b>334,139</b>	<b>45,000</b>	<b>153,775</b>	<b>39,989</b>	<b>56,365</b>	<b>62,089</b>	<b>41,861</b>	<b>1,182,776</b>
Transfers in (out)	10,635	-	(10,635)	-	-	-	-	-	-
<b>Total University Sources</b>	<b>\$ 678,498</b>	<b>\$ 353,152</b>	<b>\$ 34,365</b>	<b>\$ 153,775</b>	<b>\$ 39,989</b>	<b>\$ 56,365</b>	<b>\$ 101,923</b>	<b>\$ 41,861</b>	<b>\$ 1,459,929</b>

**Virginia Commonwealth University**  
**FY2021-2022 University Budget Plan**  
**Expenditure Summary**  
*(in thousands)*

<b>FY 2021-2022 Uses</b>	Educational	Sponsored Programs			University	Student	Hospital	Total	
	& General Programs	Direct Costs	Facilities & Admin. Costs	Auxiliary Enterprises					Funds
Instruction	\$ 323,688	\$ -	\$ -	\$ -	\$39,989	\$ 5,378	\$ -	\$ -	\$ 369,055
Research	20,666	353,152	25,034	-	-	11,425	-	-	410,277
Public Service	4,406	-	-	-	-	2,068	-	-	6,474
Academic Support	120,190	-	729	-	-	13,324	-	-	134,243
Student Services	17,349	-	-	-	-	763	-	-	18,112
Institutional Support	84,419	-	1,660	-	-	10,657	-	-	96,736
Operation and Maintenance of Plant	63,478	-	3,201	-	-	1,279	-	1,000	68,958
Scholarships and Fellowships	35,733	-	1,716	-	-	11,471	97,295	-	146,215
Auxiliary Enterprises	-	-	-	152,158	-	-	-	-	152,158
Hospital Services	-	-	-	-	-	-	-	40,861	40,861
<b>Subtotal Uses</b>	<b>669,929</b>	<b>353,152</b>	<b>32,340</b>	<b>152,158</b>	<b>39,989</b>	<b>56,365</b>	<b>97,295</b>	<b>41,861</b>	<b>1,443,089</b>
Transfers in (out)	-	-	-	(4,628)	-	-	4,628	-	-
Contingencies and Reserves	8,569	-	2,025	6,245	-	-	-	-	16,839
<b>Total University Uses</b>	<b>\$ 678,498</b>	<b>\$353,152</b>	<b>\$ 34,365</b>	<b>\$ 153,775</b>	<b>\$39,989</b>	<b>\$ 56,365</b>	<b>\$ 101,923</b>	<b>\$41,861</b>	<b>\$1,459,928</b>





# 3. Action Items

## b. RESOLUTIONS:

- i. Administrative Titles in Financing-Related Resolutions
- ii. Sunoco Property at 600-606 West Grace Street Funding Authorization
- iii. Broad and Belvidere Renovation Funding Authorization

# For action: Administrative Titles in Financing-Related Resolutions

## **Background**

The Board has adopted various resolutions authorizing the incurrence of debt to finance or refinance projects and named various officers of Virginia Commonwealth University (the "University") as authorized officers who are authorized or have been delegated authority to take certain actions regarding the incurrence of debt and the financing and refinancing of projects.

Since the resolutions were adopted the titles of the officers named in the Prior Resolutions have changed and the Board has determined to ratify and reaffirm the authorizations and delegations in the Prior Resolutions and identify the current titles of the authorized officers under the Prior Resolutions. issued by the university.

## **Recommendation**

Approve the resolution to amend the current titles of the authorized officers under the prior resolutions issued by the University.

# For action: Funding authorization

600 and 606 West Grace Street

## Background

The Property is located at 600 and 606 West Grace Street, within the same block as the Institute for Contemporary Art (ICA). In May 2018, the Board of Visitors authorized the university to enter into an arrangement with the VCU Real Estate Foundation (REF) to provide for the ultimate acquisition of the Property by the university on a “break-even” basis at some point in the future. Accordingly, VCU intends to purchase the Property from the REF in early fiscal year 21-22. The former improvements (a Sunoco service station) have been demolished and the site is currently used and maintained by VCU.

## Costs

The “break-even” cost the REF has incurred to date is approximately \$4.8M. This includes all acquisition, demolition and carrying costs. The purchase of the Property will be funded through debt issued by the university.

## Recommendation

Approve the resolution to authorize financing for the acquisition of the Property at 600 and 606 West Grace Street from the VCU Real Estate Foundation as previously approved in May 2018 and to execute all documents necessary for the acquisition and financing of the property for a total cost not to exceed \$4.8M plus associated settlement, due diligence, and transactional costs.

Authorize an amendment to include the Property in the university’s current six-year capital plan.

# For action: Renovation financing

Renovation of 732 West Broad Street | Broad and Belvidere Housing

## Background

VCU and the VCU Real Estate Foundation (REF) entered an agreement in February 2003 to manage the student housing facility on the corner of Broad and Belvidere. Under the agreement, the REF constructed, equipped and furnished the facility and the university managed operations. Broad and Belvidere Housing can accommodate 487 student beds and typically achieves high occupancy levels.

## Costs

The total cost of the renovations is estimated at \$9.6M. The REF anticipates funding approximately \$3.7 million of these expenditures with reserves and the REF existing line of credit. The balance of approximately \$5.9M is requested to be funded through debt issued by the university and supported by a financing agreement with the REF to pay all financing costs along with principal and interest.

## Recommendation

Approve the resolution to authorize financing for the renovation of Broad and Belvidere Housing supported by a financing agreement between the university and the VCU Real Estate Foundation whereby the REF makes full repayment of all principal, interest and financing costs.

# 3. Action Items

c. PROPOSED 2022-2028 SIX YEAR CAPITAL PLAN



# **2022-2028 Six-Year Capital Plan**

## **ONE VCU: The most transformative capital plan in VCU's history**

VCU Board of Visitors  
May 2021

# Iconic Greens







VCU

# Welcoming Front Doors and Streetscapes



VCU

VCU

# Nationally Prominent Art and Innovation Corridor

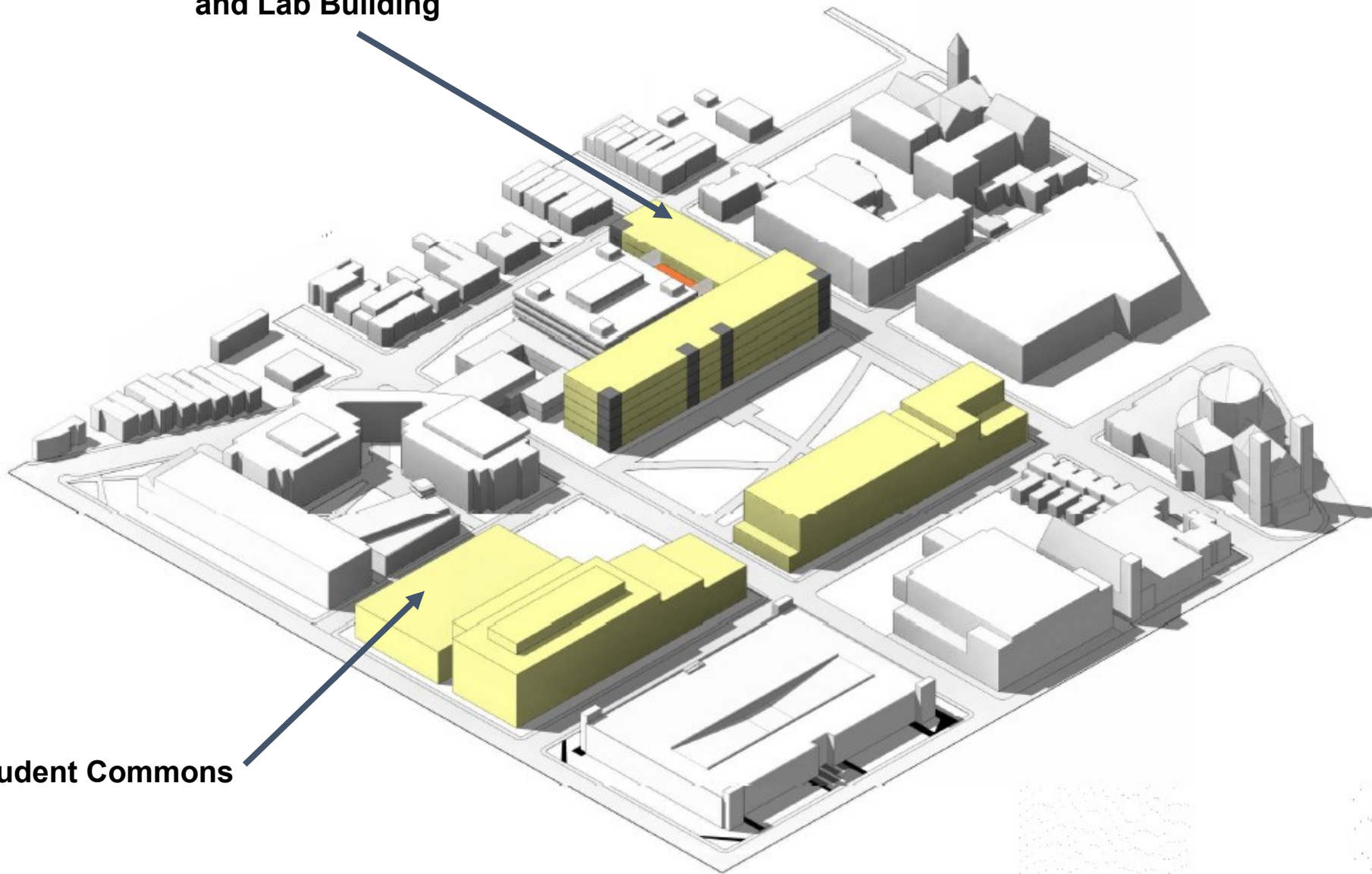




# **Interdisciplinary Academic and Laboratory Building**

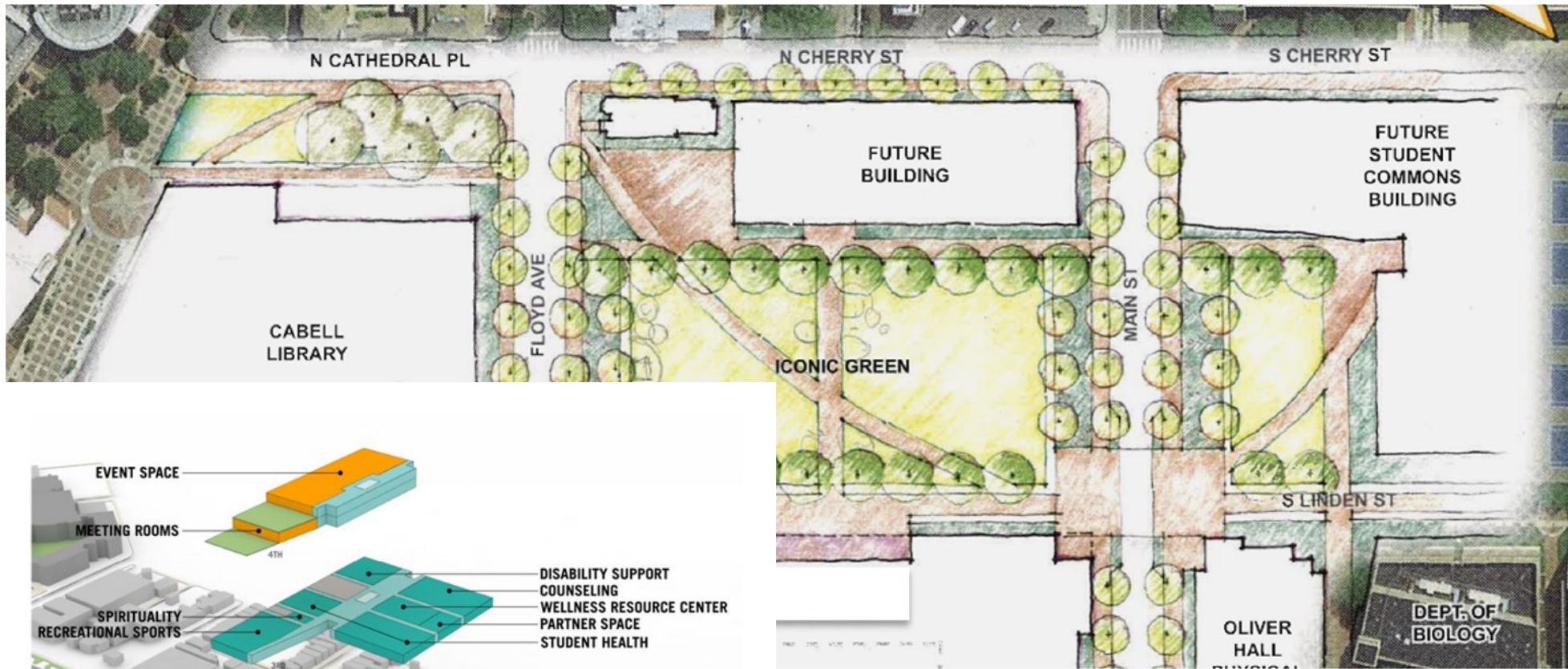


**Interdisciplinary Academic  
and Lab Building**



**Student Commons**

# State-of-the-Art Student Commons



# Honors Residence and Retail



# Athletic Village







# **A New Health System and Health Sciences Campus**





VCU Health

VCU Health

Floorworks

Ronald McDonald House



# Purpose

The proposed Six-Year Capital Plan is a prioritization of key projects outlined in the ONE VCU Master Plan.

As part of the Commonwealth's biennial budget process, the university prepares and the Board of Visitors approves a Six-Year Capital Plan. Projects are categorized as:

- **State Projects:** Requiring state funding and are submitted to the Governor
- **University Projects:** Requiring other funding sources and are not submitted to the Governor

The Governor evaluates VCU's projected capital needs and incorporates his recommendations into the Executive Budget for consideration by the General Assembly.

# Major Projects

Biennium 2022-2024

Project	State General Fund	Non-General Fund		Total
		Cash/Private/Debt	P3	
<b>State Projects</b>				
STEM Furnishings & Equipment	\$ 10,966,850	\$ -	\$ -	\$ 10,966,850
Arts and Innovation Building	\$ 163,000,567	\$ 18,000,000	\$ -	\$ 181,000,567
Interdisciplinary Academic and Lab Building	\$ 152,036,070	\$ -	\$ -	\$ 152,036,070
<b>University Projects</b>				
VCU Athletic Village Land	\$ -	TBD	\$ -	\$ -
Front Doors, Campus Main Streets, Streetscapes & Lighting	\$ -	\$ 7,483,995	\$ -	\$ 7,483,995
VCU Athletic Village Tennis Facility	\$ -	TBD	\$ -	\$ -
VCU Athletic Village Practice Fields	\$ -	TBD	\$ -	\$ -
<b>Total</b>	<b>\$ 326,003,487</b>	<b>\$ 25,483,995</b>	<b>\$ -</b>	<b>\$ 351,487,482.00</b>

Costs are estimated.

Innovation and maintenance projects occur each year and are funded by state general fund allocation and/or school funds. Projects are brought to the Board of Visitors to be added to the capital plan when they rise to the level of a capital project.

# Major Projects

Biennium 2024-2026

Project	State General Fund	Non-General Fund		Total
		Cash/Private/Debt	P3	
<b>State Projects</b>				
School of Dentistry	\$ 196,165,861	\$ -	\$ -	\$ 196,165,861
<b>University Projects</b>				
Student Commons and Wellness Facility and Iconic Green	\$ -	\$ 156,293,186	\$ -	\$ 156,293,186
VCU Athletic Village Multipurpose Indoor Facility	\$ -	TBD	\$ -	TBD
Front Doors, Campus Main Streets, Streetscapes & Lighting	\$ -	\$ 3,579,183	\$ -	\$ 3,579,183
<b>Public Private Partnerships</b>				
Honors Residence Hall & Grace Street Streetscape	\$ -	\$ -	\$ 109,200,000	\$ 109,200,000
<b>Total</b>	\$ 196,165,861	\$ 159,872,369	\$ 109,200,000	\$ 465,238,230

*Costs are estimated.*

*Innovation and maintenance projects occur each year and are funded by state general fund allocation and/or school funds. Projects are brought to the Board of Visitors to be added to the capital plan when they rise to the level of a capital project.*

# Major Projects

Biennium 2026-2028

Projects	State General Fund	Non-General Fund		Total
		Cash/Private/Debt	P3	
<b>State Projects</b>				
Interdisciplinary Health Sciences Bldg., Library and Innovation Center with Central Green (Translational Science)	\$ 234,389,683	\$ 46,889,188	\$ -	\$ 281,278,871
<b>University Projects</b>				
Student Gallery	\$ -	\$ 18,500,000	\$ -	\$ 18,500,000
Recreation Facilities	\$ -	\$ 10,257,935	\$ -	\$ 10,257,935
Welcome Center	\$ -	\$ 64,500,000	\$ -	\$ 64,500,000
Front Doors, Campus Main Streets, Streetscapes & Lighting	\$ -	\$ 2,500,000	\$ -	\$ 2,500,000
<b>Total</b>	\$ 234,389,683	\$ 142,647,123	\$ -	\$ 377,036,806

Costs are estimated.

Innovation and maintenance projects occur each year and are funded by state general fund allocation and/or school funds. Projects are brought to the Board of Visitors to be added to the capital plan when they rise to the level of a capital project.



# Recommendation

Approve the VCU 2022-2028 Six Year Capital Plan.

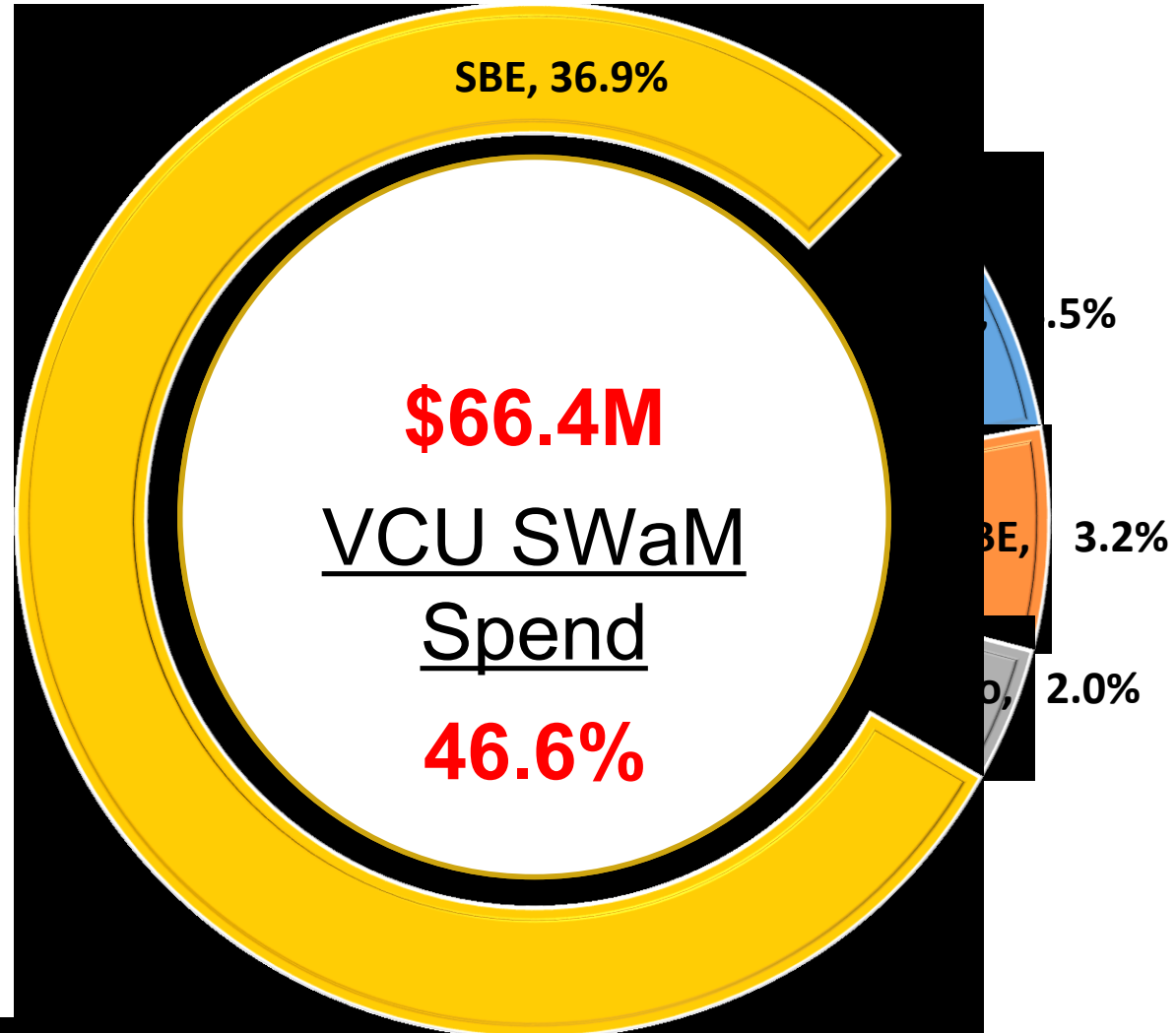
## 4. Report from Senior Vice President and CFO

### SWAM UPDATE



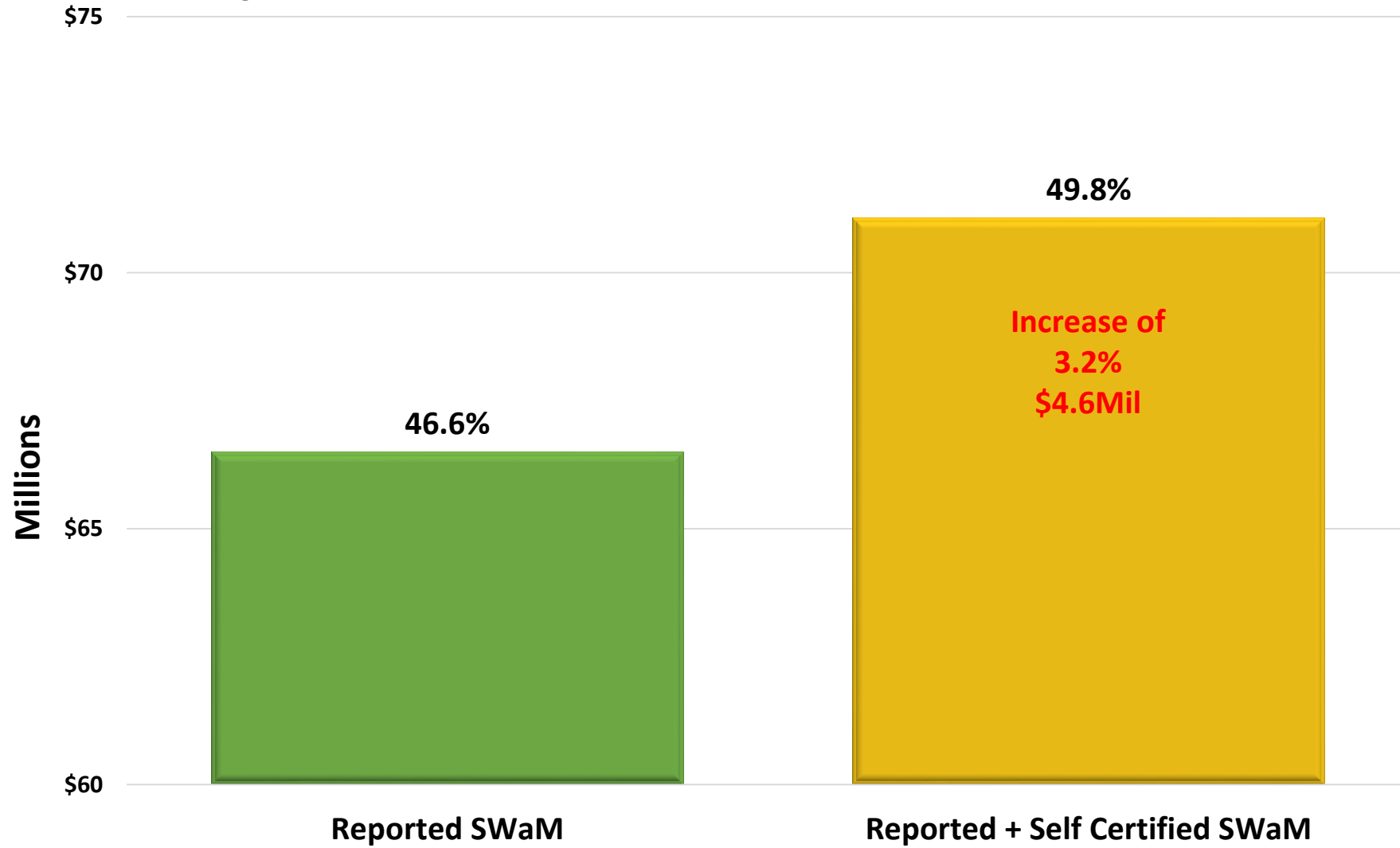
# Reported SWaM Percentage by Category

FY21 YTD through March



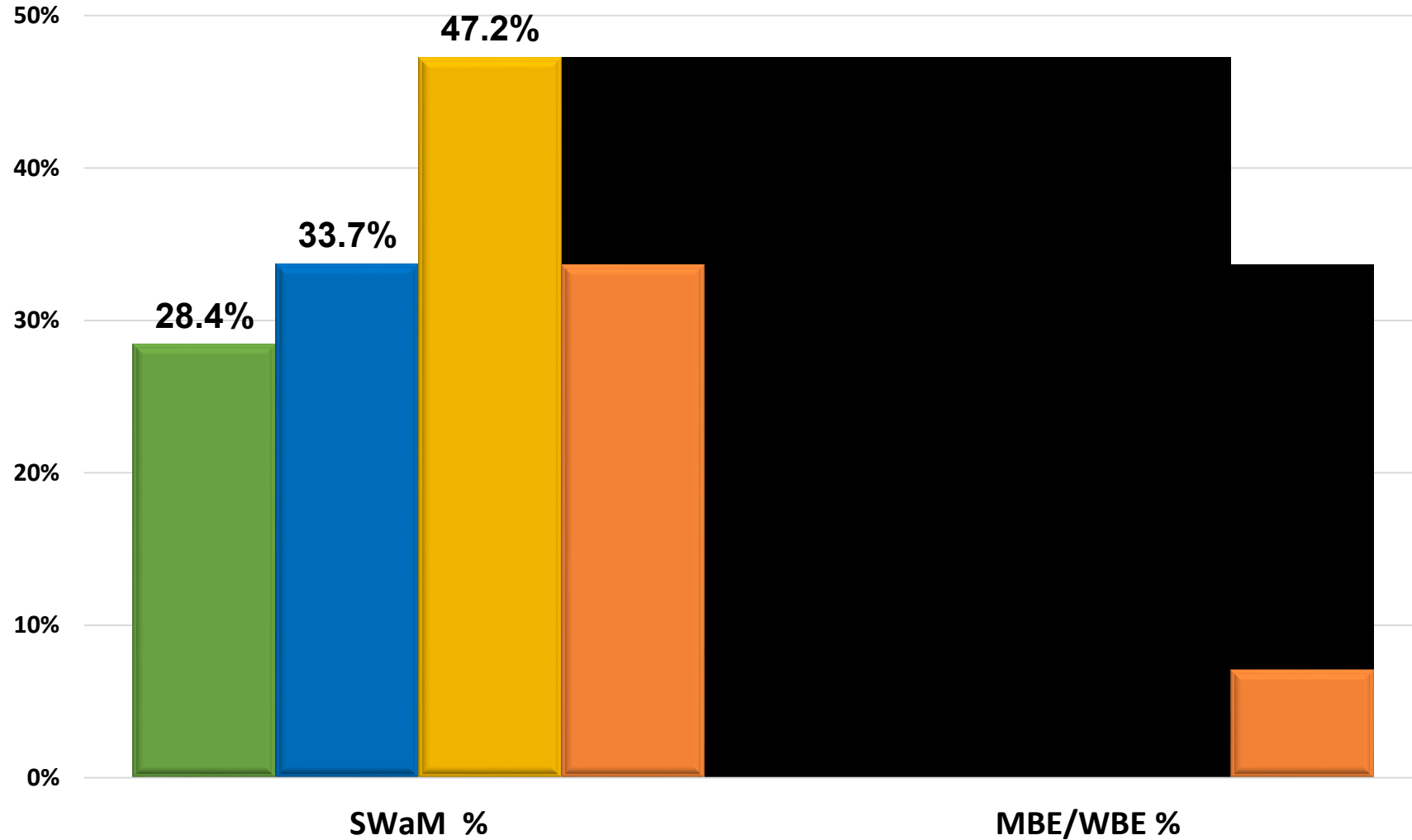
# SWaM Reported Plus Self Certified

FY21 YTD through March



# Comparison of Reported SWaM Expenditures

First Half of FY21



GOVA VASCUPP VCU TIER 3

# 5. MISCELLANEOUS REPORTS: For Informational Purposes Only

- a. Revenue and Expense Summary as of March 31, 2021
- b. VCU Health System and Financial Operations as of March 31, 2021
- c. Treasurer's Report
- d. Capital Projects Update

# 6. CONVENE INTO CLOSED SESSION



# For action: Acquisition of property

## 2901 and 2919 Hermitage Road

### Background

Three parcels constituting +/- 19.805 acres and +/- 383,845 square foot office/warehouse buildings. Located at the intersections of Sherwood Avenue, Hermitage Road, and Robin Hood Road, the Property is owned and occupied by Virginia Alcohol Beverage Control (ABC).

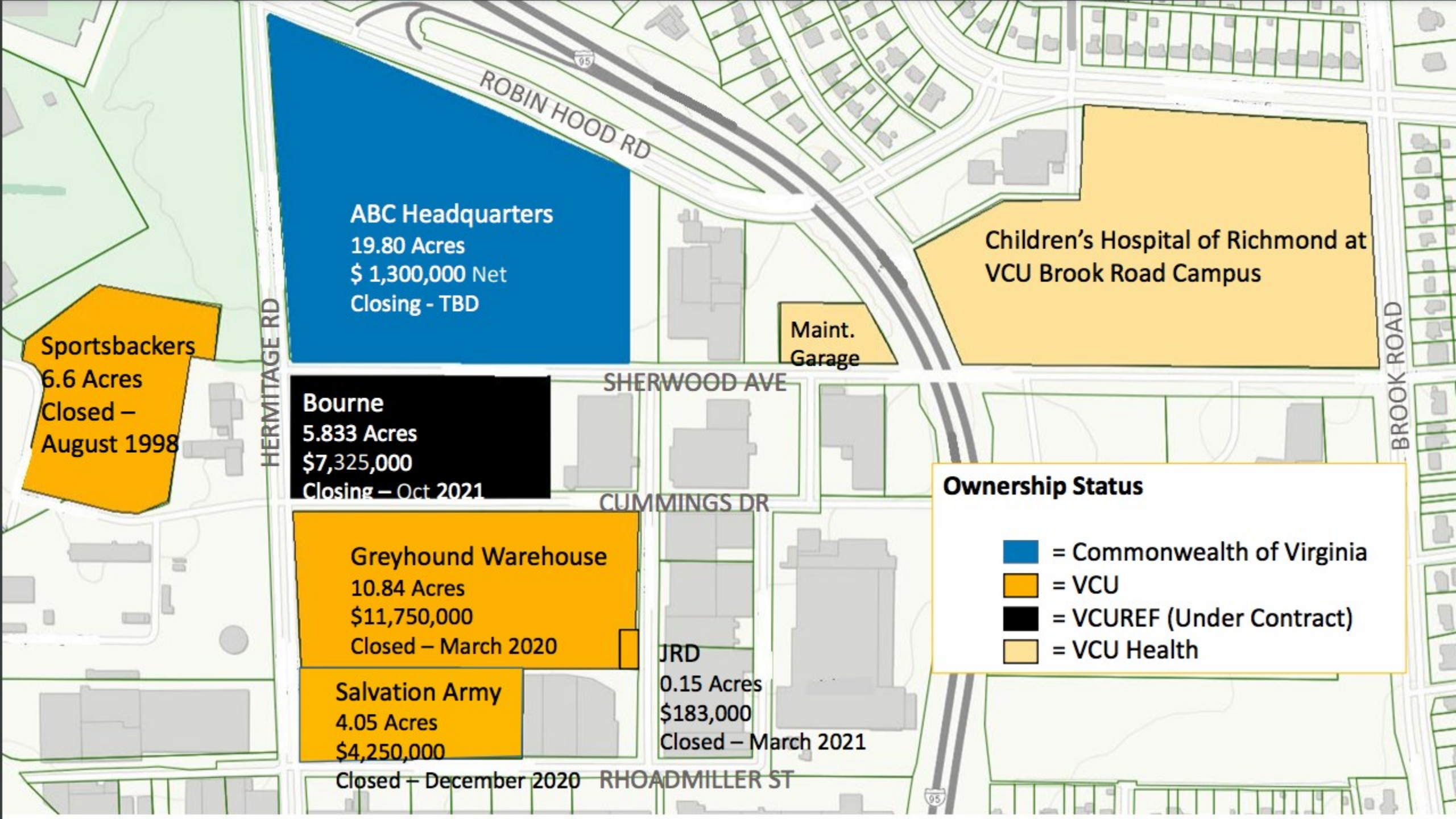
### Costs

The 2019 General Assembly included language that authorized the sale of the Property to VCU. The 2021 General Assembly set the sale price at \$16M and appropriated to VCU \$14.7M from general funds for this purpose. VCU will use Athletics funds to cover the remaining \$1.3M.

### Recommendation

Authorize the use of university funds not to exceed \$16M plus associated due diligence and transactional costs for the acquisition of the Property and to execute all documents necessary, including financing, for such acquisition.

Authorize an amendment to include the Property in the university's current six-year capital plan.



**ABC Headquarters**  
 19.80 Acres  
 \$ 1,300,000 Net  
 Closing - TBD

**Children's Hospital of Richmond at VCU Brook Road Campus**

**Sportsbackers**  
 6.6 Acres  
 Closed - August 1998

**Bourne**  
 5.833 Acres  
 \$7,325,000  
 Closing - Oct 2021

**Greyhound Warehouse**  
 10.84 Acres  
 \$11,750,000  
 Closed - March 2020

**Salvation Army**  
 4.05 Acres  
 \$4,250,000  
 Closed - December 2020

**JRD**  
 0.15 Acres  
 \$183,000  
 Closed - March 2021

**Ownership Status**

- = Commonwealth of Virginia
- = VCU
- = VCUREF (Under Contract)
- = VCU Health

# For action: Acquisition of property

1609 Sherwood Avenue

## Background

The Property includes an office/warehouse and is in close proximity to Sports Backers stadium. This parcel is identified by VCU Athletics to be an important part of an assemblage of approximately 36 acres needed for the new Athletic Village.

## Costs

The Property is under contract with the VCU Real Estate Foundation (REF) to close June 2021 at \$7.5M. The purchase contract permits the REF to assign the contract to the university. The purchase will be funded through debt issued by the university.

## Recommendations

Approve the resolution to authorize the acquisition of the Property at 1609 Sherwood Ave. through the VCU Real Estate Foundation's assignment of the current purchase contract to the university, for a price not to exceed \$7.5M plus associated settlement, due diligence, and transactional costs, and for appropriate university officials to execute all documents necessary for such acquisition and related financing.

Authorize an amendment to include the Property in the university's current six-year capital plan.

# 7. RETURN TO OPEN SESSION

Certification

Vote for Items Discussed in Closed  
Roll Call

8. OTHER BUSINESS

9. ADJOURNMENT

# **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 \$5 million, approves the renovation or replacement of outdated facilities and equipment, and approves project plans for construction projects exceeding \$5 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 SVP/CFO or Vice President of 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 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 SVP/CFO 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	March	May
<b>A. General</b>							
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 SVP/CFO or Vice President for 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>B. Financial Policy and Investments</b>							
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			X				

direct management of the University's cash investment 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						
11. Review the F&A Dashboard		X		X	X	X	X
<b>C. Facilities Planning and Debt Management</b>							
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				
<b>D. Emergency Preparedness</b>							
1. Review and recommend approval of plans pertaining to emergency preparedness and campus security			X				
<b>E. Administration</b>							
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						
5. Investment Conflict of Interest Disclosure Statement.	X						X
6. Review the Investment Policy Statements – Asset Allocation	X			X			
7. 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
<b>F. Tuition and Fees</b>							
1. Review and recommend tuition and fee charges.	<sup>1</sup>						X

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

RESOLUTION OF THE BOARD OF VISITORS OF  
VIRGINIA COMMONWEALTH UNIVERSITY

APPROVAL OF DESIGNATION OF FUNDS AS QUASI-ENDOWMENT

WHEREAS, on December 9, 2016, the Board approved the designation of \$90 million of the University's Non-General Fund Reserves and Balances to be treated as endowment and invested in long term investment vehicles;

WHEREAS, pursuant to the VCU Investment Policy, the Office of the Senior Vice President and CFO must perform ongoing analysis and monitoring to recommend to the Board a prudent split between the Short-Term and Long-Term investments; and

WHEREAS, the Office of the Senior Vice President and CFO has completed such analysis and the Senior Vice President and Chief Financial Officer has recommended certain modifications regarding the University's Long-Term investments, and the Board now desires to designate certain funds to be treated as endowment for long-term investment.

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

1. The Board hereby designates up to an additional \$20 million of the University's Non-Public Fund Reserves and Balances to be treated as endowment ("quasi-endowment") and invested in long-term investment vehicles.
2. This Resolution shall take effect immediately upon its adoption, provided that investment actions shall be consistent with existing investment advisor and manager contracts and consistent with the VCU Investment Policy.



# Proposal to Increase Quasi Endowment

Finance, Budget and Investments Committee  
Karol Kain Gray  
September 17, 2021

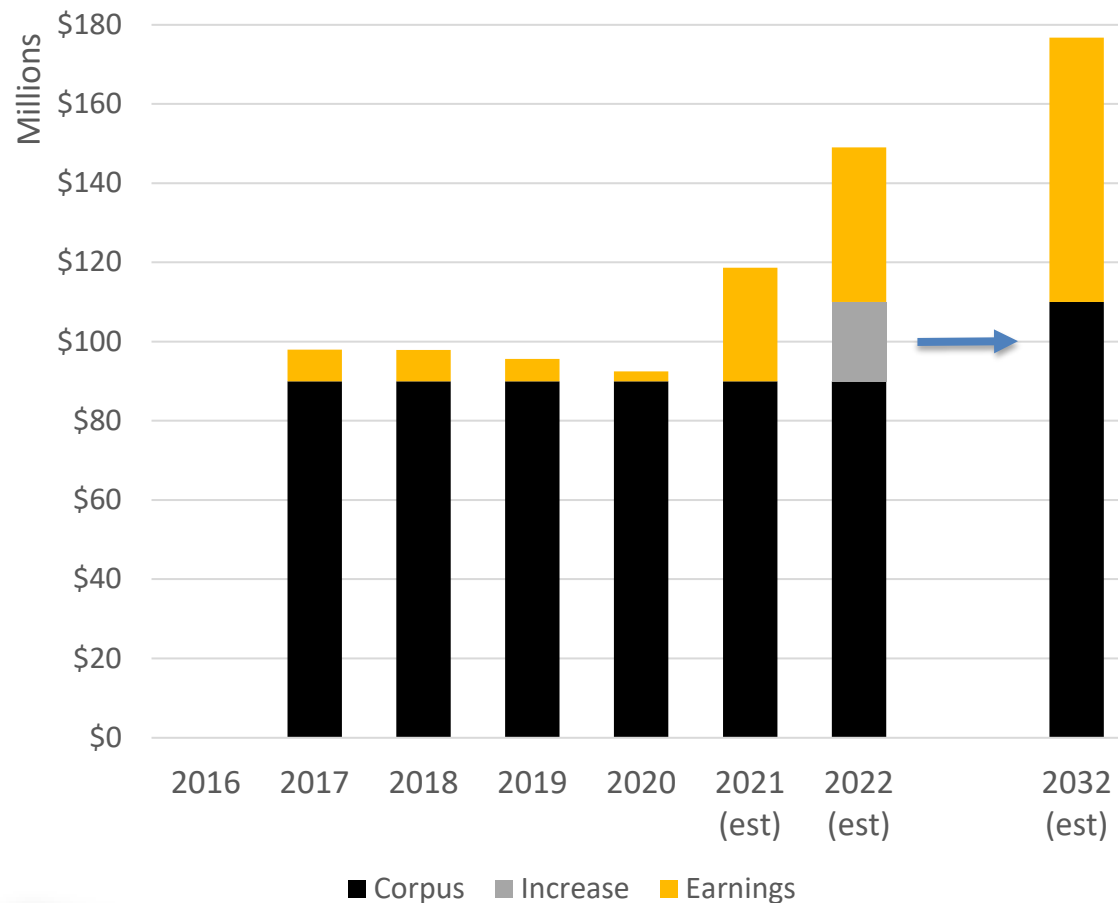
# Quasi Endowment History

- To increase cash balances and generate additional investment income for strategic use, Board authorized \$90mm in December, 2016
- VCIMCO manages these funds under the Board-approved Investment Policy
  - Annual distribution of 4.5% and administrative fee of 1.0% provide funding for strategic uses as determined by CFO
- Under the Investment Policy, this recommendation adjusts the Short-Term and Long-Term Tier allocations

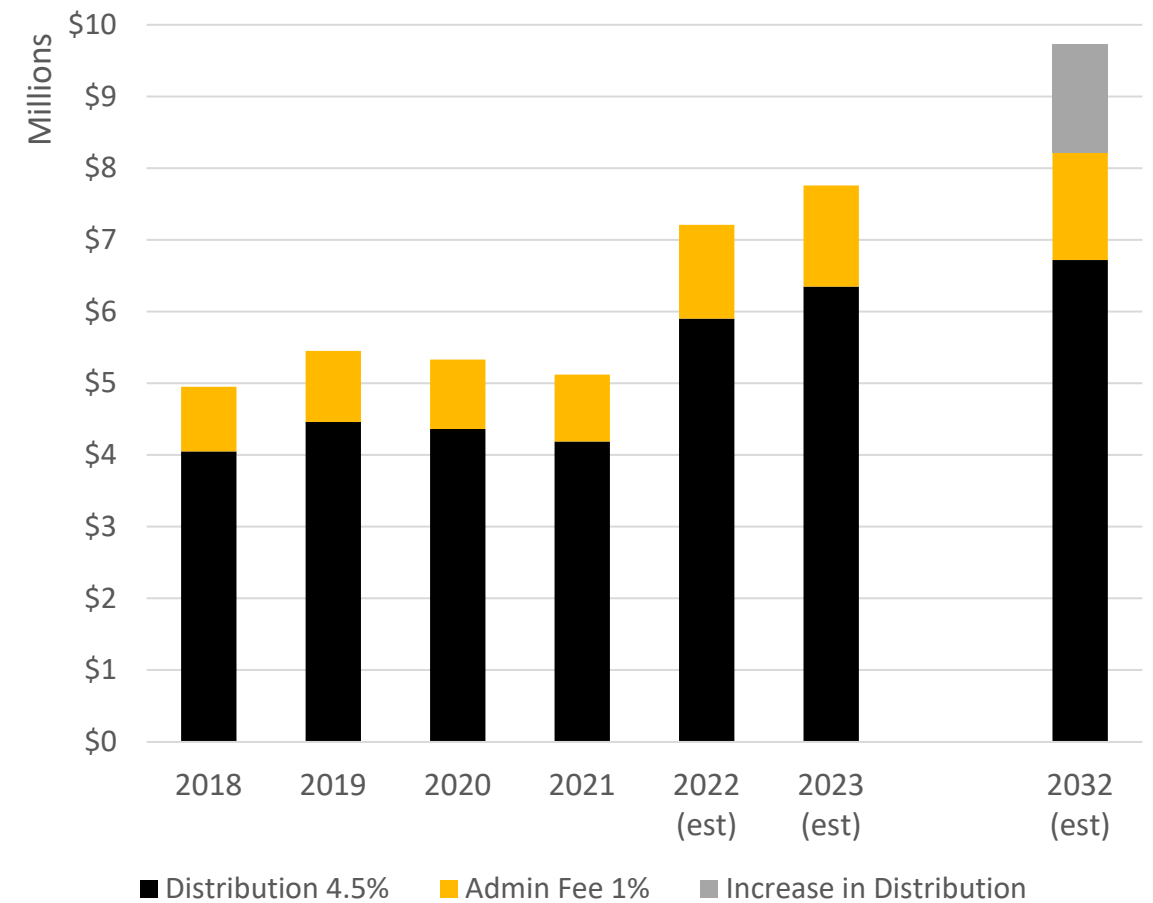


# Quasi Endowment History & Estimates

## Valuations at 6/30



## Distributions

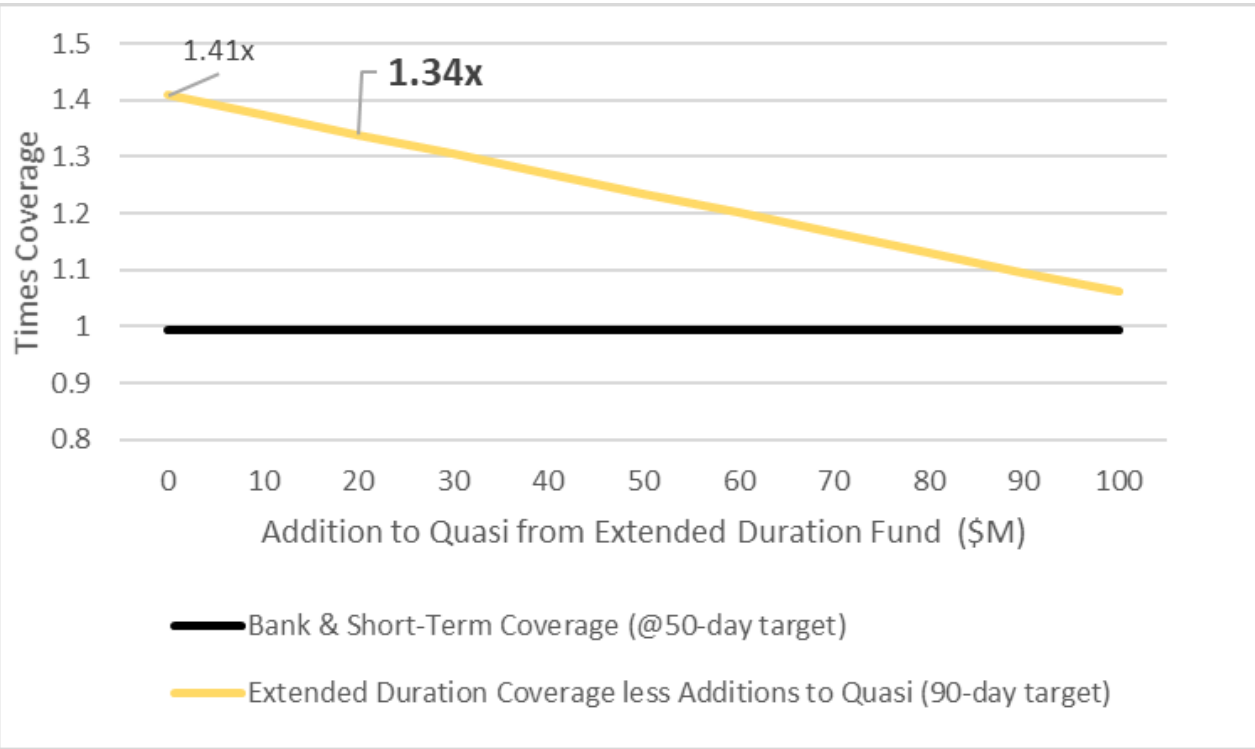


Assumes 7.5% return on investment

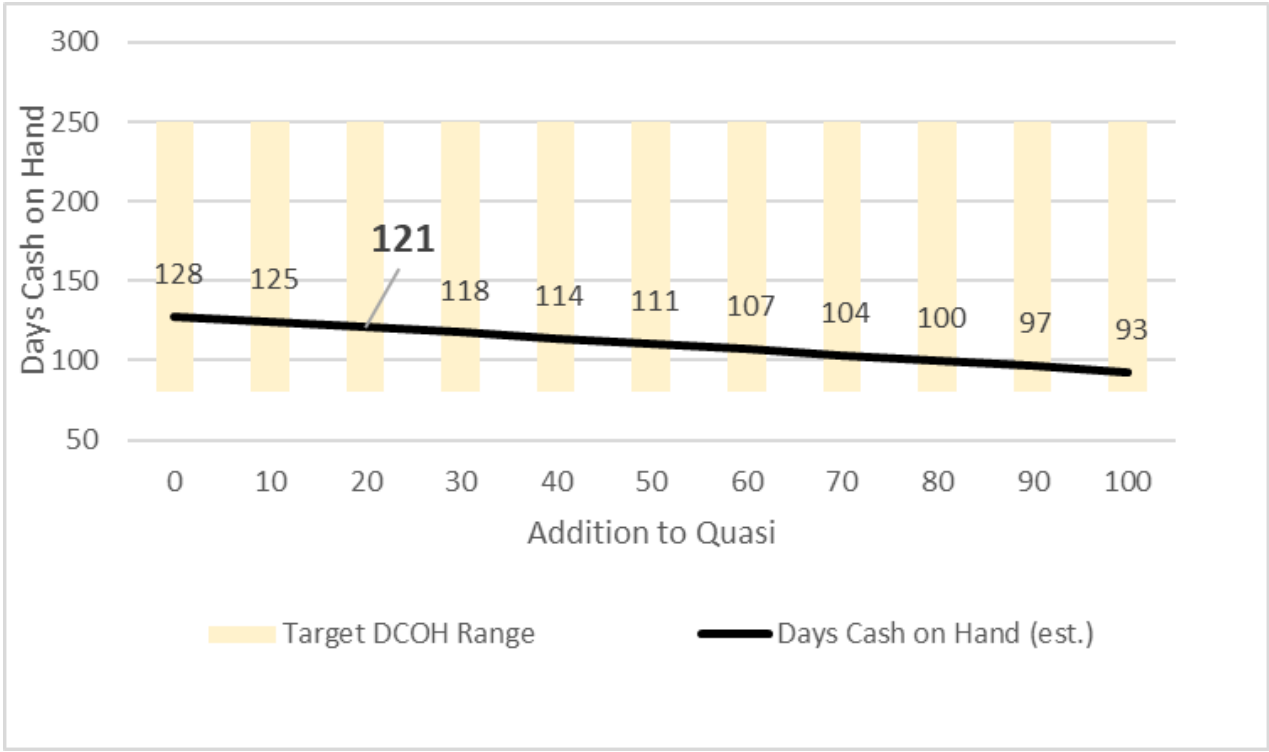
4.5% Distribution is made to University Units; 1% Admin Fee for Strategic Use

# Analysis of \$20M Impact

Liquidity Coverage Impact As Additions to Quasi Impact Cash



Days Cash on Hand





Questions?

**Virginia Commonwealth University**  
**Amendment to the 2020-2026 Six-Year Capital Plan**  
**Founders Hall, 827 West Franklin Street**

**Background**

Founders Hall is located within the Historic Franklin Street District and houses several units of the College of Humanities and Sciences. The building is experiencing significant water intrusion issues and requires repairs that include replacement of the roof as well as repairs to windows and the deteriorated masonry exterior.

**Considerations**

The repairs needed in Founders Hall meet the criteria for use of maintenance reserve funds. The Commonwealth of Virginia limits the use of state-appropriated maintenance reserve funds to \$2M or less, but provides an exception to the \$2M limit on a case-by-case basis. The university requested and is waiting for approval of an exception for the Founders Hall project based on the \$3.2M estimated cost of work. Projects exceeding \$2M also require approval from VCU's Board of Visitors.

**Cost and funding source**

The estimated cost of the project is \$3.2M. Maintenance reserve funds will be used.

**Recommendation**

Approve amendment of the university's 2020-2026 Six-Year Capital Plan to undertake major repairs to Founders Hall using maintenance reserve funds at a cost not to exceed \$3.2M.



**VCU**

# Governance for Related Foundations and VCIMCO

# Foundation/VCIMCO Governance

- The foundations and VCIMCO are separate 501 (C) (3) organizations with their own Boards
- One VCU Board member is appointed to the Board of each foundation; VCU Board appoints two members to the VCIMCO board, not necessarily a VCU Board member
- Annual financial statement audit is performed by an independent auditor for all organizations

# Foundation Governance

- Foundations exist solely to benefit the university
- MOU governs relationship with the foundations; signed by both parties; renewed every three-five years
- Foundations are reported as component units of the university on the financial statements; 990 filings are also reviewed by the university
- SVP/CFO provides an annual high level review of financial results of foundations
- Dissolution of a foundation would require BOV approval and mutual agreement with the foundation Board; absent mutual agreement we could still terminate the MOU, transfer endowments to another foundation and remove any rights they have to fundraise in our name (possibly putting their 501(C)(3) status in jeopardy)

# VCIMCO Governance

- An Investment management agreement is signed between the parties; updated as needed
- VCIMCO is required to adhere to VCU's Investment Policy; compliance is tracked quarterly





**VCU Board of Visitors**  
**Finance, Budget and Investment Committee**  
**September 17, 2021**



- I. **VCIMCO Update**
- II. Investment Update



# VCIMCO AUM Update

## VCIMCO AUM as of June 30, 2021

<i>\$ in Millions</i>	<b>AUM</b>	<b>% of VCIMCO</b>
<b>Total VCIMCO AUM</b>	<b>\$1,988.2</b>	<b>100.0%</b>

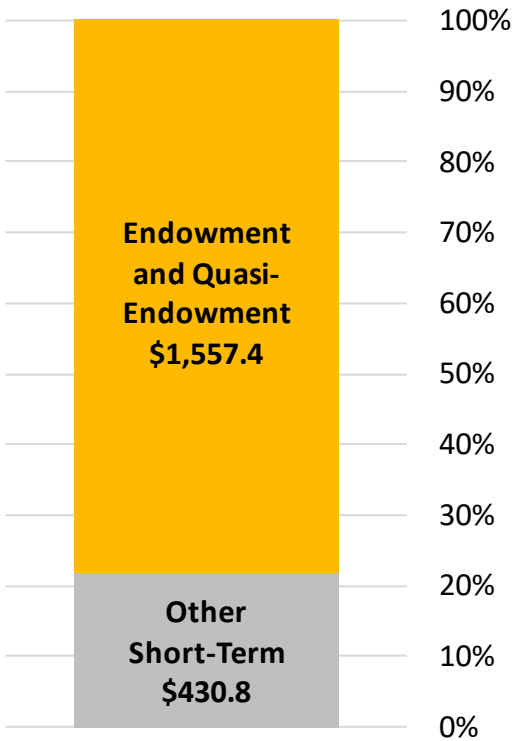
### Endowment and Quasi-Endowment Assets

VCU Health System	1,082.2	54.4%
VCU Quasi	119.7	6.0%
VCU Foundation	114.7	5.8%
VCU College of Engineering Foundation	94.5	4.8%
VCU School of Business Foundation	61.7	3.1%
VCU Glasgow	60.5	3.0%
VCU Central Bank Capital Reserve	20.4	1.0%
VCU Central Bank Unrestricted	3.5	0.2%
Community Memorial Hospital Foundation	0.1	0.0%
The Gear Endowment	0.1	0.0%

### Other Short-Term Assets

VCU Short-Term	301.2	15.2%
VCU Health System	129.6	6.5%

## % of VCIMCO AUM



Note: Totals may not sum due to rounding. Values are based on estimates. The VCU Health System Endowment & Quasi-Endowment Asset includes MCV AP and Aries Insurance.



- I. VCIMCO Update
- II. Investment Update**



## Performance Review

### VCU Long-Term Tier

Estimated June 30, 2021	Since Inception							
	% Allocation	4/30/2016	5 Years	3 Years	1 Year	CYTD	FYTD	3 Mos
<b>VCIMCO Funds</b>	<b>100.0%</b>	<b>10.19%</b>	<b>10.36%</b>	<b>13.03%</b>	<b>36.65%</b>	<b>12.91%</b>	<b>36.65%</b>	<b>6.73%</b>
<i>Long-Term Policy Benchmark<sup>1</sup></i>		<i>10.75%</i>	<i>11.02%</i>	<i>11.86%</i>	<i>27.21%</i>	<i>8.95%</i>	<i>27.21%</i>	<i>6.08%</i>
<b>Equity</b>	<b>69.7%</b>	<b>14.62%</b>	<b>14.99%</b>	<b>17.00%</b>	<b>49.96%</b>	<b>16.10%</b>	<b>49.96%</b>	<b>8.80%</b>
<i>MSCI All Country World</i>		<i>13.99%</i>	<i>14.61%</i>	<i>14.55%</i>	<i>39.26%</i>	<i>12.30%</i>	<i>39.26%</i>	<i>7.39%</i>
Long Equity	43.3%	14.83%	15.15%	16.87%	48.13%	17.43%	48.13%	12.63%
Domestic	10.2%	16.85%	16.89%	17.95%	42.91%	13.27%	42.91%	9.04%
Global and International	33.1%	12.99%	13.70%	15.52%	49.75%	18.68%	49.75%	13.78%
Long / Short	15.9%	13.55%	14.49%	18.33%	47.74%	8.95%	47.74%	5.14%
Private Equity	10.5%	16.67%		16.65%	66.43%	23.47%	66.43%	0.00%
<b>Credit and Absolute Return</b>	<b>18.0%</b>	<b>5.37%</b>		<b>7.46%</b>	<b>19.40%</b>	<b>10.15%</b>	<b>19.40%</b>	<b>2.97%</b>
<i>Barclays US Corporate High Yield</i>		<i>7.03%</i>		<i>7.44%</i>	<i>15.37%</i>	<i>3.62%</i>	<i>15.37%</i>	<i>2.74%</i>
<b>Real Assets</b>	<b>3.1%</b>	<b>-1.76%</b>	<b>-2.89%</b>	<b>-2.82%</b>	<b>15.99%</b>	<b>7.10%</b>	<b>15.99%</b>	<b>6.73%</b>
<i>MSCI All Country World Real Estate</i>		<i>6.83%</i>	<i>6.36%</i>	<i>7.73%</i>	<i>26.97%</i>	<i>14.88%</i>	<i>26.97%</i>	<i>8.36%</i>
<b>Treasuries</b>	<b>0.7%</b>	<b>0.60%</b>	<b>0.36%</b>	<b>1.66%</b>	<b>-2.49%</b>	<b>0.54%</b>	<b>-2.49%</b>	<b>-2.48%</b>
<i>Barclays US Treasury</i>		<i>2.13%</i>	<i>1.93%</i>	<i>3.96%</i>	<i>-1.18%</i>	<i>-1.14%</i>	<i>-1.18%</i>	<i>0.62%</i>
<b>Cash and Equivalents</b>	<b>8.4%</b>							
<b>VCU Long-Term Tier</b>	<b>100.0%</b>	<b>10.00%</b>	<b>10.17%</b>	<b>12.89%</b>	<b>36.28%</b>	<b>12.80%</b>	<b>36.28%</b>	<b>6.64%</b>

Totals may not sum due to rounding. Past performance is not predictive of future results.

Returns for periods greater than one year are annualized. Performance is estimated based on best available data as of July 14, 2021.

Performance includes reporting by 34 of 35 Ram Private Assets Fund, LP underlying investments representing 99.8% of net asset value as of March 31, 2021.

VCU Long-Term Tier includes valuations from legacy manager reporting.

Since inception return is indicative of VCIMCO's inception (April 30, 2016) unless otherwise indicated.

<sup>1</sup> 65% MSCI All Country World, 25% Barclays US Aggregate, 10% MSCI All Country World Real Estate.



## Q2 2021 Market Review

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- As the reopening gained momentum, growth equities outperformed value equities (+11.9% for the Russell 1000 Growth versus +5.2% for the Russell 1000 Value)
  - Energy, technology, and real estate outperformed consumer staples and utilities
  
- US equities (S&P 500, +8.6%) bested developed international (MSCI EAFE, +5.2%) and emerging markets (MSCI EM, +5.1%)
  
- Inflation concerns waned and expectations for ongoing monetary policy accommodations led to falling Treasury rates, with the US 10-Year ending the quarter at 1.45%, down from 1.74% at the end of Q1
  - Longer duration bonds and spread sector assets drove bond market performance
  
- The US dollar weakened against most major currencies, with the exception of the Yen

*Note: As of June 30, 2021.*



## VCIMCO Portfolio Performance

---

- QTD
  - Representative Portfolio: 6.7%
  - Performance Drivers:
    - Public Equity holdings in Southeast Asia that benefit as global supply chains shift from China
    - Continued Domestic Equity strength
    - Private Equity quarterly performance is not yet available and adjusted only for currency moves and certain expenses
  
- FYTD
  - Representative Portfolio: 36.7%
  - Performance Drivers:
    - Strong equity market recovery and manager alpha in Equity and Credit allocations
  
- 3-Year
  - Representative Portfolio: 13.0%
  - Performance Drivers:
    - Robust equity market returns and active manager alpha across the portfolio

*Note: As of June 30, 2021. The Representative Portfolio reflects the performance and allocations for a Partner that has a full allocation to Ram Private Assets Fund (“RPAF”) and has been invested with VCIMCO funds since VCIMCO’s inception. Individual Partner performance and allocations may vary. Totals may not sum due to rounding.*

Confidential - Not for Distribution










# University Debt Management Report As of June 30, 2021

Finance, Budget and Investments Committee  
Karol Kain Gray  
September 17, 2021



# How is Our Debt Managed?

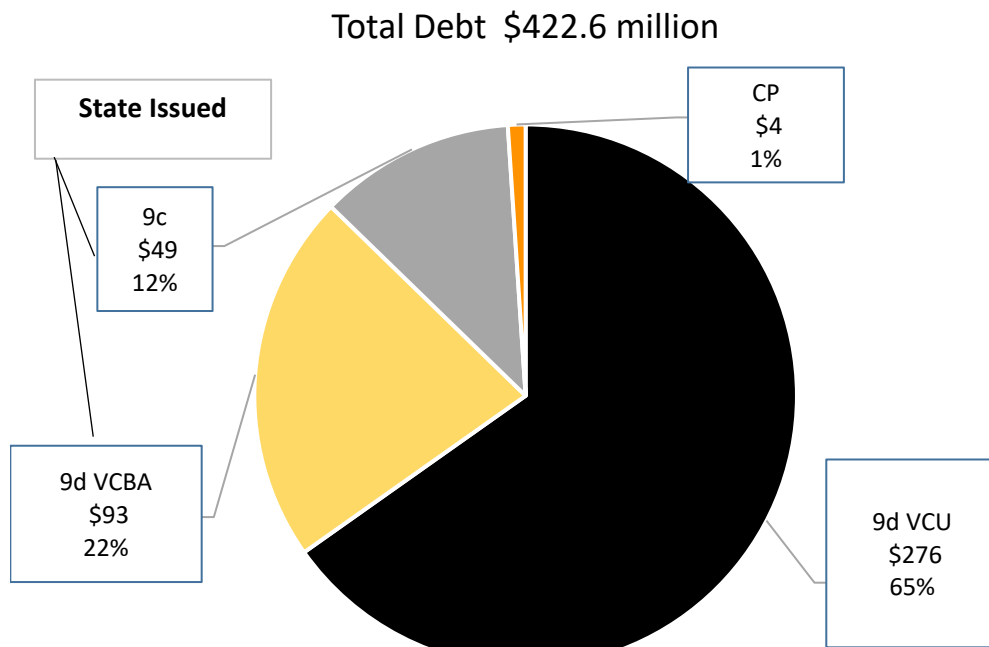
The Debt Management Policy was approved by the Board of Visitors on September 19, 2013. An administrative update was implemented in May 2021\*. The following updates are provided to the Board:

	Status
Debt Outstanding at a Glance - June 30, 2021 (page 3)	
FY2021 Debt Issuance and Refinancing Summary (page 4)	
Bond and Commercial Paper Principal Amortization (page 5)	
Future Debt Issuance and Capacity Constraints (page 6) <b>Mid-term may be constrained</b>	
Tax-Exempt Debt Compliance (page 7)	
Rating Agency highlights and Peer Comparison (pages 8 - 10) <b>Moody's desires University to improve Operating Cash Flow Margins</b>	
Relationship Exposure (page 11)	

 No issue    Watching    Concern

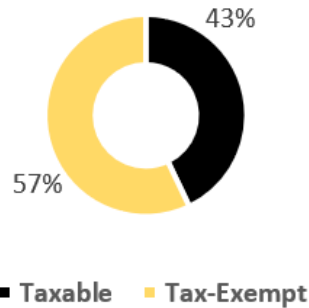
\*Marked copy of changes in board materials

# By the Numbers (June 30, 2021)

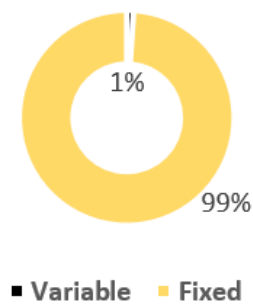


Note: 9c and 9d VCBA bonds are issued by the Commonwealth on behalf of VCU but debt service and debt liability borne by VCU directly

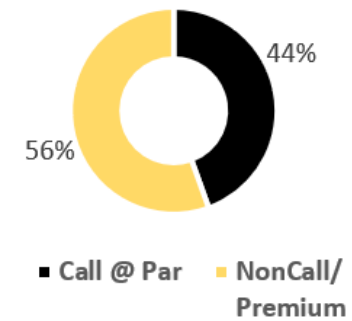
Taxable/Tax-Exempt



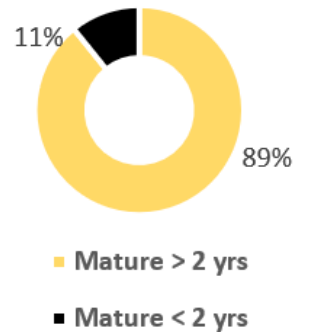
Variable/Fixed



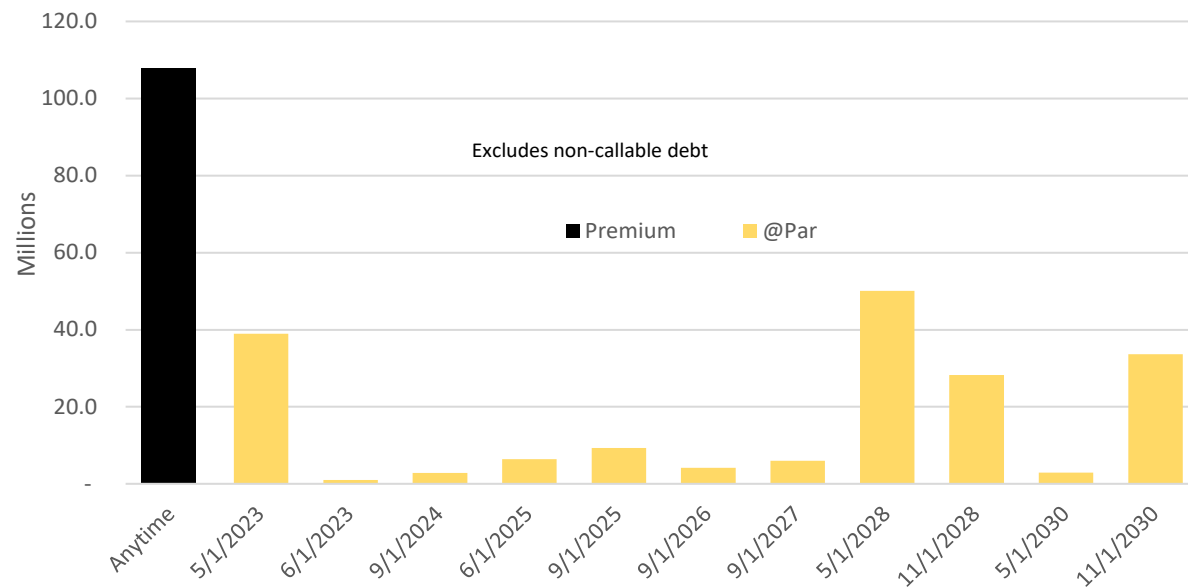
Callable



Committed



Call Schedule



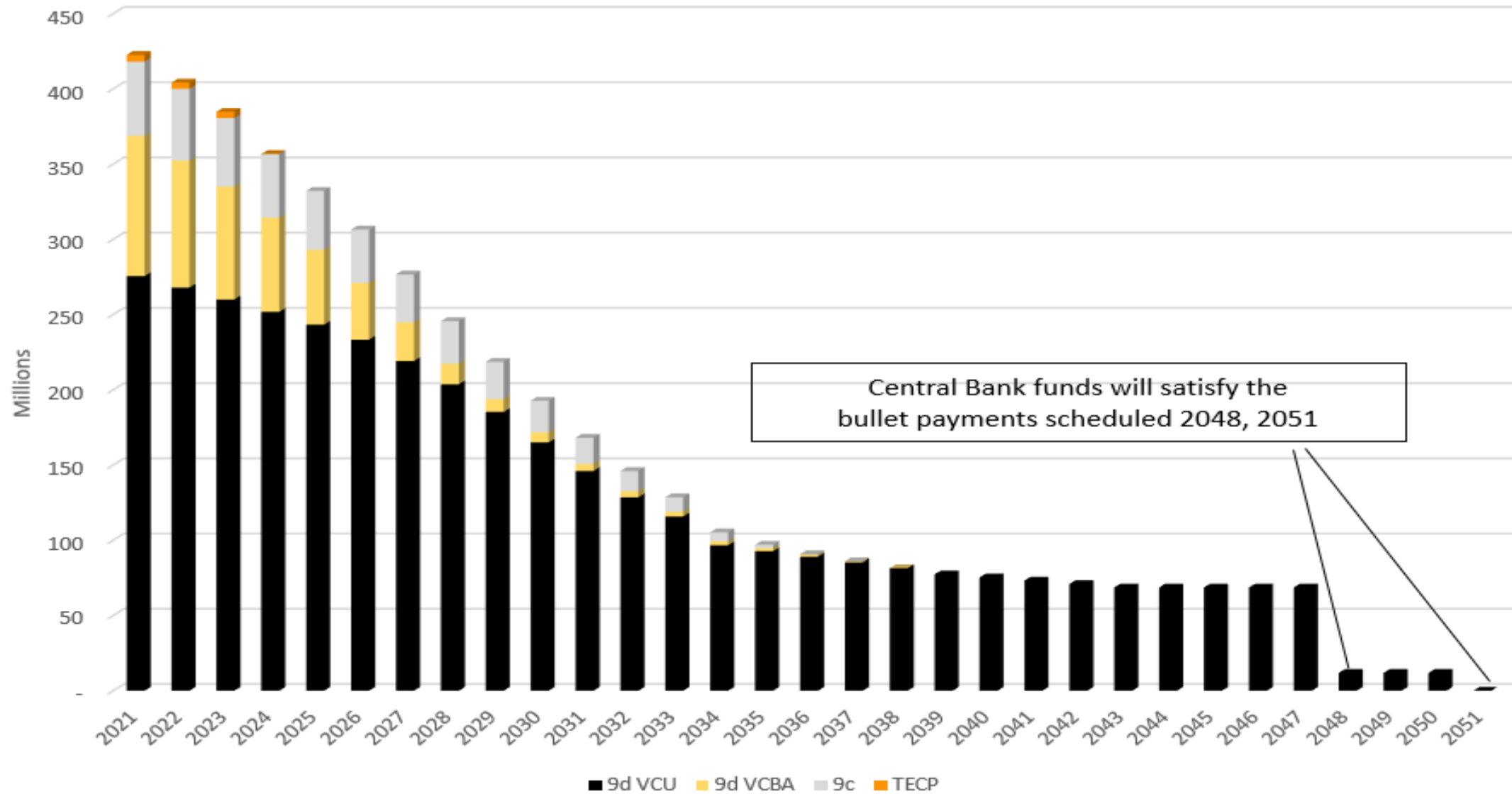
# New Debt Issuance FY 2021

Issuer	The Commonwealth of Virginia		VCU
Date	11/5/2020	2/9/2021	2/24/2021
Series	9c 2020B *	VCBA 9d 2021A&B *	VCU 9d 2021A
Refunding	9c 2011A	Various VCBA 9d Bonds	VCU 9d Bonds 2013B
VCU portion	\$20,395,000	\$17,350,000	\$10,748,806
Unit benefiting	Housing	Biotech (Research) Cancer Center Housing Parking School of Medicine Student Commons	Real Estate Foundation
Savings	\$4.1 mm NPV \$4.1 mm debt service reduction through FY2023	\$0.4 mm NPV \$6.2 mm debt service reduction through FY2023	\$0.6 mm NPV \$0.7 mm debt service

\*Part of pooled debt issued by the State of Virginia

# Bond and Commercial Paper Principal Amortization

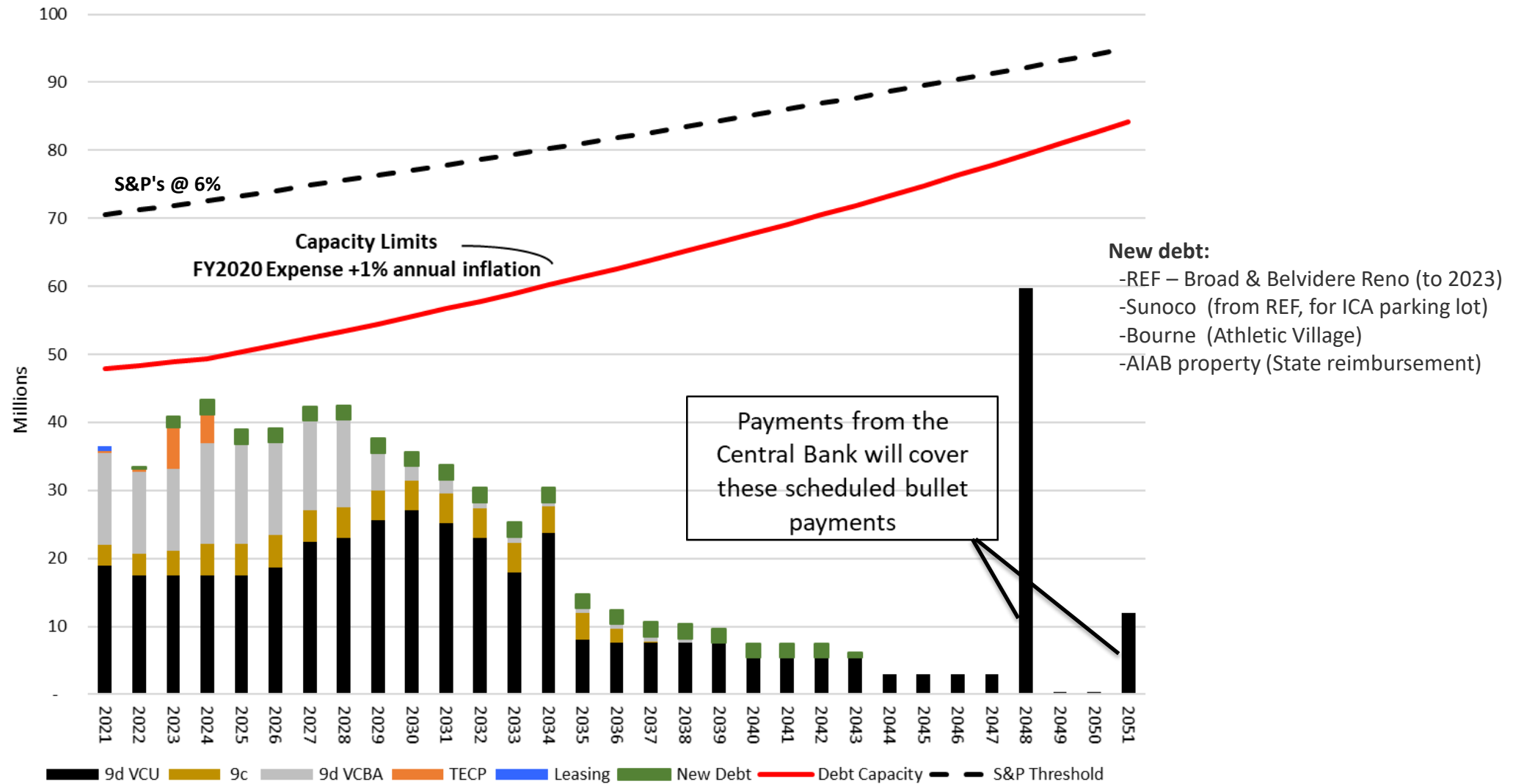
Repayment of Outstanding Principal  
As of June 30, 2021



- Amortization of bond principal over time, assuming no additional debt is issued
- Approximately \$26 million per year of bond principal retired for the next 10 years
- During the next 5 years, over \$ 116 million of outstanding debt will be retired (28%)
- During the next 10 years, over \$254 million will be retired (62%)

# Future Debt Issuance and Capacity Constraints

## Capacity at 4.2% Debt Ratio



Excludes estimated impact from leases under GASB 87 (FY2022 and beyond) pending quantification

# Tax-Exempt Debt Compliance

- **There are no compliance issues that require the attention of the Board of Visitors.**
- The Tax-Exempt Debt Compliance Policy was adopted by the Board of Visitors on February 9, 2012. An update will be presented for Board approval in December.
- The policy provides a framework for complying with laws and regulations relating to the issuance and post-issuance monitoring of tax-exempt bonds, addressing the following compliance areas:
  - Expenditure and allocation of bond proceeds
  - Spending requirements and arbitrage rebates
  - Private Business Use
  - Continuing disclosure and other filings
  - Record retention
  - Training
- To monitor unrelated third party (Private Business) Use, the policy requires the following:
  - Annual distribution of a Private Use Questionnaire to responsible departments to determine whether Private Business Use above allowable thresholds exists. To date, annual analysis indicate compliance within allowable limits.
  - Active monitoring of Private Business Use by a Bond Compliance Community consisting of representatives from Treasury Services, Facilities Management Division, Controller's Office, Procurement Services, Capital Assets and Real Estate, Office of the General Counsel and Office of Research (ongoing)

# Public Debt Ratings Changes

- Rating in Aa category is critical for Tier III Status
  - S&P AA- (5/12/2020), outlook negative
    - Outlook is negative for Higher Ed (4<sup>th</sup> consecutive year)
  - Moody's Aa3 (5/6/2020), outlook stable
    - Outlook is stable for Higher Ed (3/22/2021)
- Moody's scorecard changed in August 2021 – VCU rating affirmed
- Challenges to rating
  - Diminishing Operating Revenues (Enrollment) and Margin
  - Total Cash and Investment balances
- New GASB 87 rules on leases will reduce debt capacity

# Peer Selection – Criteria and Schools

## Selection Criteria

- Moody's rated Aa3
- Non-community college, non-system schools
- Selected the +/- 3 schools in 2020 Means comparison based on undergraduate enrollment.

or

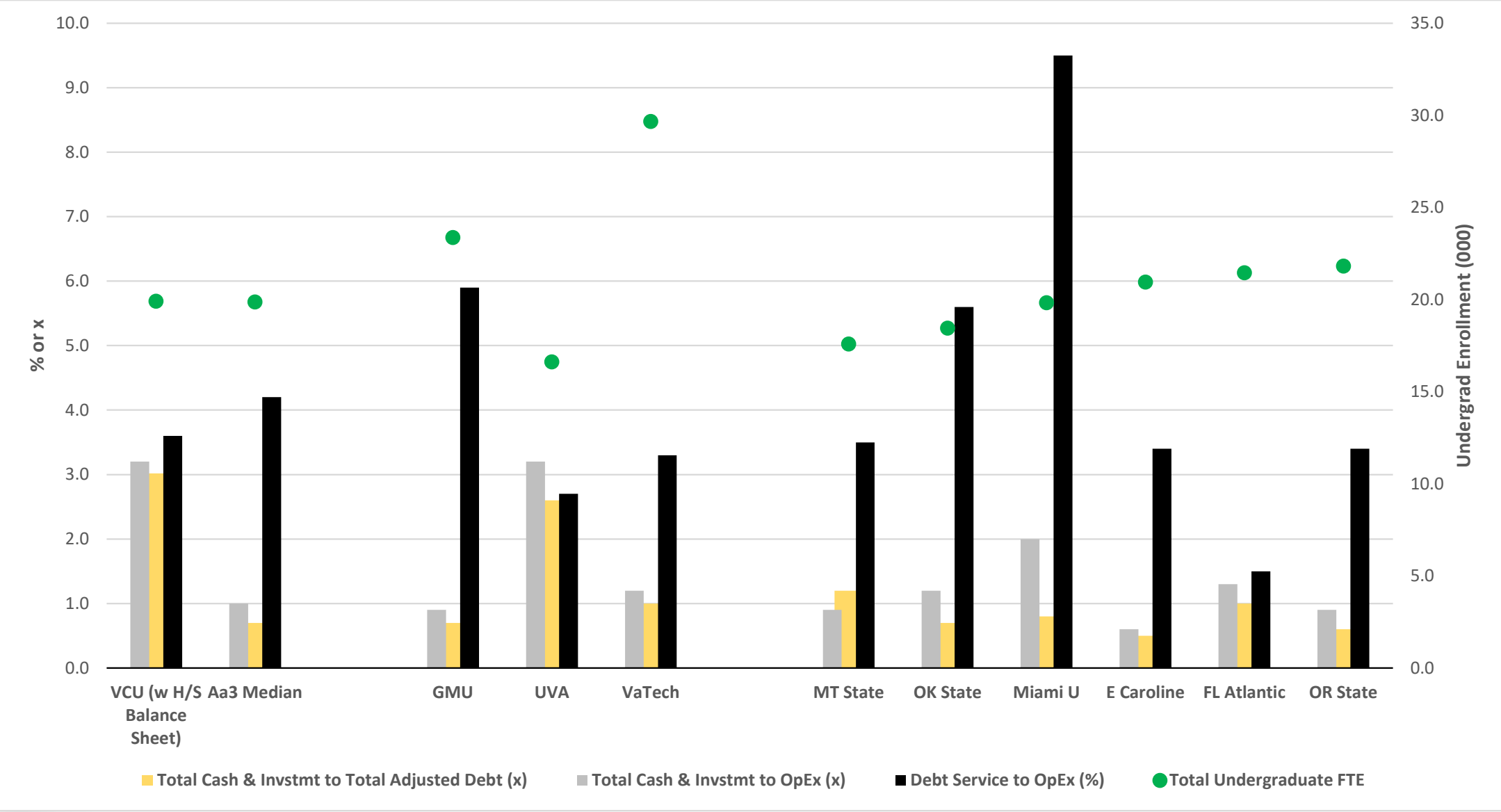
- Virginia Tier III peers (with a Moody's rating )

## Peer Listing

- Montana State University, MT
- Oklahoma State University, OK
- Miami University, OH
- East Carolina University, NC
- Florida Atlantic University, FL
- Oregon State University, OR
  
- University of Virginia
- Virginia Tech
- George Mason University



# Peer Comparisons\* FY 2020



(x) reflects "times" and is indicated by left-hand axis

\* As reported by Moody's which includes Health System cash but not expense

# Relationship Exposure

As of June 30, 2021

The University has diversified its concentration risk across financial institutions providing credit services, investments, custody services and banking.

	TD Bank/ TD Securities	Capital One	JP Morgan	VCIMCO	Payden & Rygel	Merganser	Northern Trust	US Bank	Wells Fargo	Bank of America
Private Placement Debt	2015A&B: \$25.5M	2021A: \$10.7M								
Commercial Paper Dealer			Tax-Exempt \$4.4M							
Commercial Paper Line of Credit			\$0 outstanding/ \$75M available							
Investment Advisory				\$203M Long-Term Tier and Central Bank; \$246M under advisement						
Investment Manager					\$55M AUM	\$246M AUM				
Custodian							\$203M in Long-Term Tier and Central Bank	\$301M in Operating Pool		
General Banking									\$73M in average monthly balance	Transitioning from Wells Fargo



Questions?



# **Board of Visitors Meeting Finance, Budget and Investments**

September 17, 2021  
Karol Kain Gray,  
Senior VP & CFO

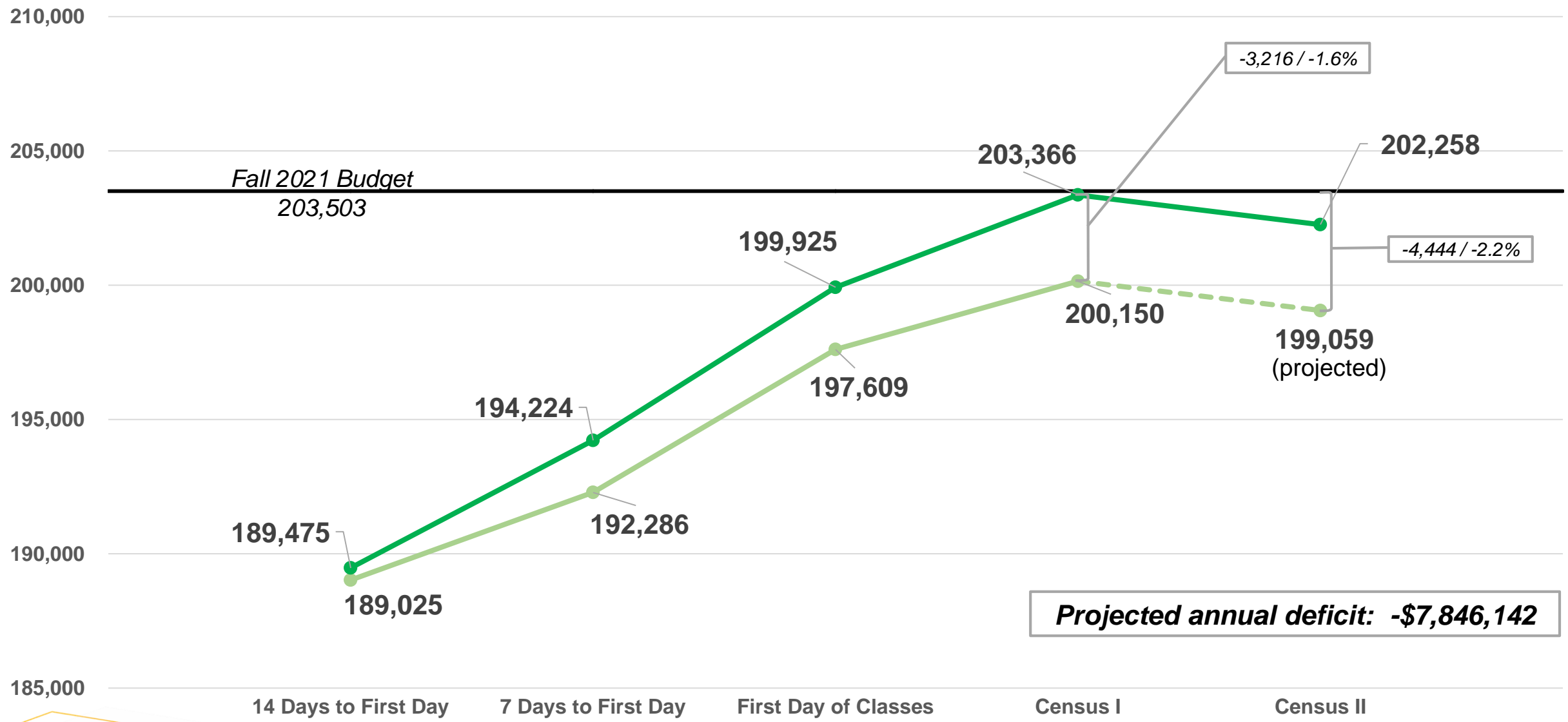
# 2021 Year in Review

## Tuition Budget to Actuals

Semester	Budget	Actual	Variance
Undergraduate Fall and Spring	\$ 252,337,847	\$ 252,819,068	\$ 481,222
Graduate Fall and Spring	70,979,016	70,380,289	(598,727)
First Professional Fall and Spring	68,259,574	68,023,738	(235,836)
<b>Total Fall and Spring</b>	<b>391,576,437</b>	<b>391,223,096</b>	<b>(353,342)</b>
Undergraduate Summer	15,518,338	17,069,621	1,551,283
Graduate Summer	9,310,751	12,437,569	3,126,818
First Professional Summer	141,665	1,581,292	1,439,627
<b>Total Summer</b>	<b>24,970,754</b>	<b>31,088,482</b>	<b>6,117,728</b>
<b>Total University</b>	<b>\$ 416,547,191</b>	<b>\$ 422,311,577</b>	<b>\$ 5,764,386</b>

# Total Projected Fall Tuition

*In thousands*



**Projected annual deficit: -\$7,846,142**



— 2022 Budget    ● 21-22    ● 20-21

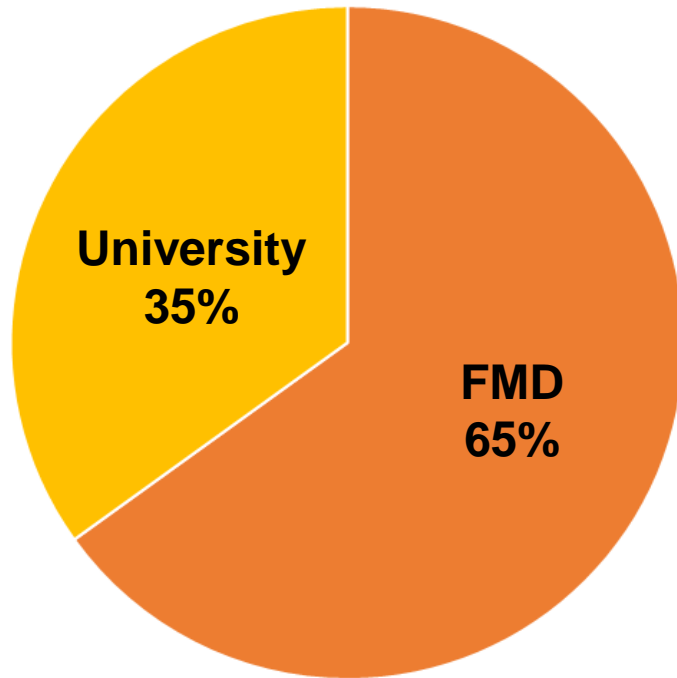


# Facilities WAM Overview

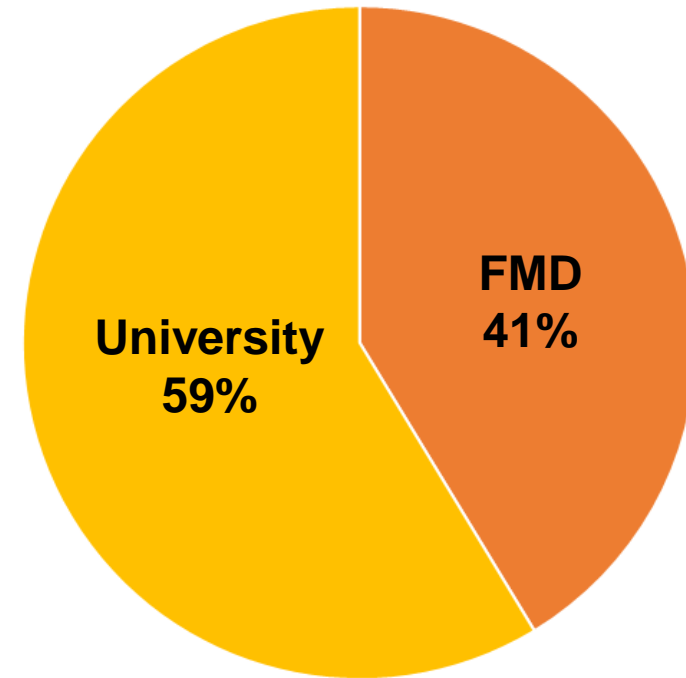
VCU Board of Visitors  
September 2021

# Facilities (FMD) impact on WAM (FY21)

Minority-owned spending



Woman-owned spending





# Capital construction projects

**Total \$93.8M**  
10.2% WAM

**Total \$75.7M**  
6.7% WAM

**Total \$64.6M**  
25.2% WAM

**Total \$55.4M**  
25.2% WAM

**Total \$5.7M**  
13.9% WAM

	<b>STEM Building*</b>	<b>Engineering Research Building</b>	<b>College of Health Professions</b>	<b>Virginia Treatment Center for Children</b>	<b>Rice Rivers Center</b>
<b>Total spend SWAM</b>	\$45.9M (48.9%)	\$45M (59.6%)	\$37.3M (57.8%)	\$31M (56.0%)	\$4M (70.5%)
<b>Total spend Minority</b>	\$4.6M (4.9%)	\$3.6M (4.8%)	\$6.9M (10.7%)	\$7.2M (13.1%)	\$65K (1.2%)
<b>Total spend Woman</b>	\$4.9M (5.3%)	\$1.4M (1.9%)	\$9.4M (14.5%)	\$6.7M (12.1%)	\$725K (12.7%)

\*STEM figures are projections; project in progress

# University renovations

**Total \$5.5M**  
24.1% WAM

**Total \$4.0M**  
19% WAM

**Total \$7.3M**  
26.6% WAM

**Total \$8.8M**  
21.3% WAM

**Total \$7.9M**  
56% WAM

	FY21	FY20	FY19	FY18	FY17
<b>Total spend SWAM</b>	\$5.3M (95%)	\$3.9M (98%)	\$5.6M (77%)	\$8.6M (98%)	\$7.3M (93%)
<b>Total spend Minority</b>	\$1.3M (24%)	\$760K (19%)	\$1.9M (25.7%)	\$1.8M (21%)	\$4.3M (55.3%)
<b>Total spend Woman</b>	\$8K (0.1%)	\$2K (0%)	\$65K (0.9%)	\$28K (0.3%)	\$58K (0.7%)

# New improvements

The facilities and procurement departments are working in partnership to implement these improvements and not duplicate effort.

- Access, outreach and transparency
  - Launch and promote a website of facilities WAM vendors to improve access and visibility
  - Consultant led targeted outreach to WAM vendors early and often in the solicitation process
  - Supplier diversity letter of commitment in each solicitation
- Measurable goals
  - WAM goals in vendor solicitations
  - Project specific WAM goals
  - Continue to measure, monitor and report SWAM with a focus on WAM
- Accountability
  - Hold vendors accountable for meeting WAM goals
- Growth and innovation
  - Consulting partnership will explore additional supplier diversity opportunities

# Athletic Village update



# Virginia Commonwealth University 2021-2022 University Budget Plan Sources Summary (in thousands)

FY 2021-2022 Sources	Educational	Sponsored Programs			Qatar	University	Student	Hospital	Total
	& General Programs	Direct Costs	Facilities & Admin. Costs	Auxiliary Enterprises					
<b>State General Fund</b>									
Direct Appropriations	\$ 218,306	\$ 19,013	\$ -	\$ -	\$ -	\$ -	\$ 39,834	\$ -	\$ 277,153
Central Transfers	-	-	-	-	-	-	-	-	\$ -
<b>State General Fund</b>	<b>\$ 218,306</b>	<b>\$ 19,013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 39,834</b>	<b>\$ -</b>	<b>\$ 277,153</b>
<b>Nongeneral Funds</b>									
Student Tuition and Fees	439,392	-	-	61,825	-	-	-	-	501,217
Grants and Contracts	140	334,139	45,000	-	-	-	62,089	-	441,368
Gifts and Investment Earnings	100	-	-	5,662	-	44,750	-	-	50,512
Sales and Services	6,815	-	-	84,641	39,989	-	-	41,861	173,306
Other Sources	3,110	-	-	1,647	-	11,615	-	-	16,372
<b>Total Nongeneral Funds</b>	<b>449,557</b>	<b>334,139</b>	<b>45,000</b>	<b>153,775</b>	<b>39,989</b>	<b>56,365</b>	<b>62,089</b>	<b>41,861</b>	<b>1,182,776</b>
Transfers in (out)	10,635	-	(10,635)	-	-	-	-	-	-
<b>Total University Sources</b>	<b>\$ 678,498</b>	<b>\$ 353,152</b>	<b>\$ 34,365</b>	<b>\$ 153,775</b>	<b>\$ 39,989</b>	<b>\$ 56,365</b>	<b>\$ 101,923</b>	<b>\$ 41,861</b>	<b>\$ 1,459,929</b>

# Virginia Commonwealth University

## 2021-2022 University Budget Plan

### Sources Summary (in thousands)

FY 2021-2022 Uses	Educational	Sponsored Programs			University	Student	Hospital	Total	
	& General Programs	Direct Costs	Facilities & Admin. Costs	Auxiliary Enterprises					Qatar
Instruction	\$ 323,688	\$ -	\$ -	\$ -	\$39,989	\$ 5,378	\$ -	\$ -	\$ 369,055
Research	20,666	353,152	25,034	-	-	11,425	-	-	410,277
Public Service	4,406	-	-	-	-	2,068	-	-	6,474
Academic Support	120,190	-	729	-	-	13,324	-	-	134,243
Student Services	17,349	-	-	-	-	763	-	-	18,112
Institutional Support	84,419	-	1,660	-	-	10,657	-	-	96,736
Operation and Maintenance of Pl:	63,478	-	3,201	-	-	1,279	-	1,000	68,958
Scholarships and Fellowships	35,733	-	1,716	-	-	11,471	97,295	-	146,215
Auxiliary Enterprises	-	-	-	152,158	-	-	-	-	152,158
Hospital Services	-	-	-	-	-	-	-	40,861	40,861
<b>Subtotal Uses</b>	<b>669,929</b>	<b>353,152</b>	<b>32,340</b>	<b>152,158</b>	<b>39,989</b>	<b>56,365</b>	<b>97,295</b>	<b>41,861</b>	<b>1,443,089</b>
Transfers in (out)	-	-	-	(4,628)	-	-	4,628	-	-
Contingencies and Reserves	8,569	-	2,025	6,245	-	-	-	-	16,839
<b>Total University Uses</b>	<b>\$ 678,498</b>	<b>\$353,152</b>	<b>\$ 34,365</b>	<b>\$ 153,775</b>	<b>\$39,989</b>	<b>\$ 56,365</b>	<b>\$ 101,923</b>	<b>\$41,861</b>	<b>\$1,459,928</b>

**Quarterly Report**  
**FY2021 Year-End Report**

*Dollars in Thousands*

	<u>Actuals</u>				<u>Budget</u>		
	<u>FY20 YE</u>	<u>FY21 YE</u>	<u>\$ Change</u>	<u>% Change</u>	<u>BoV Book</u>	<u>\$ Variance</u>	<u>% Variance</u>
<b>Revenue</b>							
Tuition and Fees E&G	406,947	406,295	(652)	-0.2%	401,979	4,316	1.1%
State General Fund E&G	195,185	205,143	9,958	5.1%	195,225	9,918	5.1%
Other Income E&G	97,673	94,602	(3,071)	-3.1%	21,732	72,870	335.3%
<b>Educational and General Programs</b>	<b>699,805</b>	<b>706,040</b>	<b>6,236</b>	<b>0.9%</b>	<b>658,926</b>	<b>47,114</b>	<b>7.2%</b>
University and Student Health Fee	55,153	56,933	1,780	3.2%	54,819	2,114	3.9%
Other Auxiliary Income	76,662	62,163	(14,499)	-18.9%	90,660	(28,497)	-31.4%
<b>Auxiliary Enterprises</b>	<b>131,815</b>	<b>119,096</b>	<b>(12,719)</b>	<b>-9.6%</b>	<b>145,479</b>	<b>(26,383)</b>	<b>-18.1%</b>
Sponsored Programs	228,632	261,658	33,027	14.4%	288,429	(26,771)	-9.3%
FACR	33,911	35,106	1,195	3.5%	32,974	2,132	6.5%
University Funds	69,168	90,624	21,456	31.0%	53,584	37,040	69.1%
Student Financial Assistance	85,672	87,103	1,431	1.7%	76,056	11,047	14.5%
Hospital Services and COVID Relief Funds	46,627	67,728	21,101	45.3%	35,540	32,188	90.6%
<b>Total Revenue</b>	<b>1,295,629</b>	<b>1,367,356</b>	<b>71,726</b>	<b>5.5%</b>	<b>1,290,988</b>	<b>76,368</b>	<b>5.9%</b>
<b>Expenses</b>							
Academic Programs E&G	406,912	398,030	(8,882)	-2.2%	381,588	16,442	4.3%
Support Programs E&G	294,516	300,978	6,461	2.2%	277,338	23,640	8.5%
<b>Educational and General Programs</b>	<b>701,428</b>	<b>699,008</b>	<b>(2,421)</b>	<b>-0.3%</b>	<b>658,926</b>	<b>40,082</b>	<b>6.1%</b>
Auxiliary Enterprises	135,192	109,191	(26,000)	-19.2%	145,479	(36,288)	-24.9%
Sponsored Programs	222,114	249,988	27,873	12.5%	288,429	(38,441)	-13.3%
FACR	32,885	18,351	(14,535)	-44.2%	32,974	(14,623)	-44.3%
University Funds	69,424	62,507	(6,917)	-10.0%	53,584	8,923	16.7%
Student Financial Assistance	85,870	87,091	1,220	1.4%	76,056	11,035	14.5%
Hospital Services and COVID Relief Funds	49,001	65,134	16,133	32.9%	35,540	29,594	83.3%
<b>Total Expenses</b>	<b>1,295,916</b>	<b>1,291,270</b>	<b>(4,647)</b>	<b>-0.4%</b>	<b>1,290,988</b>	<b>282</b>	<b>0.0%</b>
<b>Net</b>	<b>(287)</b>	<b>76,086</b>	<b>76,373</b>			<b>76,086</b>	



**VCU**Health™

VCU Health System Authority

**FY 2021 Financial Report  
for the 12 Months Ending  
June 30, 2021**



# VCUHS Preliminary Consolidated Balance Sheet

(\$ in thousands)

June 30, 2021

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>ASSETS &amp; DEFERRED OUTFLOWS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 188,670	\$ 602,209
Short-term investments	4,267	1,508
Patient accounts receivable, net	446,822	340,255
Other current assets	232,058	167,834
	<u>\$ 871,817</u>	<u>\$ 1,111,806</u>
<b>ASSETS WHOSE USE IS LIMITED &amp; LT INVESTMENTS</b>		
CAPITAL ASSETS	2,077,187	1,621,107
OTHER ASSETS	1,446,739	1,136,815
DEFERRED OUTFLOWS	92,577	81,549
	<u>38,940</u>	<u>58,356</u>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS</b>	<u><u>\$ 4,527,260</u></u>	<u><u>\$ 4,009,633</u></u>
<b>LIABILITIES, DEFERRED INFLOWS &amp; NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt and capital leases	\$ 9,782	\$ 12,360
Settlements due to Third Parties	138,673	76,244
Trade accounts payable	88,161	111,213
Accrued salaries, wages, and fringe benefits, leave	150,772	136,639
Other current liabilities	204,723	213,607
	<u>\$ 592,111</u>	<u>\$ 550,063</u>
<b>OTHER LIABILITIES</b>		
Long-term debt and capital leases, less current portion	\$ 652,658	\$ 670,183
Other liabilities	120,430	145,327
	<u>\$ 1,365,199</u>	<u>\$ 1,365,573</u>
DEFERRED INFLOWS	\$ 13,726	\$ 14,435
NET POSITION	<u>\$ 3,148,335</u>	<u>\$ 2,629,625</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS &amp; NET POSITION</b>	<u><u>\$ 4,527,260</u></u>	<u><u>\$ 4,009,633</u></u>

## Key Changes:

- Total Assets increased \$523K
- Cash declined YOY due to increases in Patient Accounts Receivable
- Long-term investments and Capital Assets increased with market and investments to buildings



**VCUHealth**<sup>TM</sup>

VCU Health System Authority

# VCUHS Preliminary Consolidated Income Statement

(\$ in thousands)

June 30, 2021, FYTD (12 months)

	<i>Percent</i>	FYTD 2021 <u>Actual</u>	FYTD 2021 <u>Q4 Plan</u>	FYTD 2020 <u>Actual</u>	<i>Variance Percent</i>
<b>OPERATING REVENUES</b>					
Net patient service revenue	0.4%	\$ 2,498,827	\$ 2,488,620	\$ 2,156,888	15.9%
Premiums earned	N/A	-	-	1,546,021	-100.0%
Contract and Other revenue	0.5%	54,595	54,311	110,683	-50.7%
<b>Total Operating Revenues</b>	0.4%	<u>\$ 2,553,422</u>	<u>\$ 2,542,931</u>	<u>\$ 3,813,592</u>	-33.0%
<b>OPERATING EXPENSES</b>					
Salaries, Wages and Benefits	-0.5%	\$ 1,426,779	\$ 1,420,277	\$ 1,437,830	0.8%
Medical claims expense	-18.4%	10,235	8,644	1,322,565	99.2%
Purchased services	1.5%	203,770	206,817	166,596	-22.3%
Supplies	-11.7%	332,401	297,488	287,157	-15.8%
Drugs	0.1%	230,339	230,570	210,370	-9.5%
Other expenses	12.3%	189,151	215,676	174,798	-8.2%
	-0.6%	<u>\$ 2,392,675</u>	<u>\$ 2,379,472</u>	<u>\$ 3,599,316</u>	33.5%
<b>OPERATING EBIDA</b>	-1.7%	<u>\$ 160,747</u>	<u>\$ 163,459</u>	<u>\$ 214,276</u>	-25.0%
<i>EBIDA (%)</i>		6.3%	6.4%	5.6%	
Interest, Taxes, Depreciation and Amortization	0.0%	\$ 113,966	\$ 113,989	\$ 126,186	9.7%
Total Operating Expenses	-0.5%	2,506,641	2,493,461	3,725,502	32.7%
<b>TOTAL OPERATING EXCESS/ (LOSS)</b>		<u>\$ 46,781</u>	<u>\$ 49,470</u>	<u>\$ 88,090</u>	
<i>Operating Margin (%)</i>		1.8%	1.9%	2.3%	
<b>NONOPERATING REVENUE AND EXPENSES</b>					
Investment income	41.1%	\$ 446,524	\$ 316,399	\$ 37,112	1103.2%
Other non-operating income(expense)	6.7%	29,604	27,734	(26,442)	212.0%
		<u>\$ 476,128</u>	<u>\$ 344,132</u>	<u>\$ 10,670</u>	
<b>EXCESS OF REV. OVER EXP. BEFORE TRANSFERS</b>		<u>\$ 522,909</u>	<u>\$ 393,602</u>	<u>\$ 98,760</u>	

## Highlights:

- Volumes remained strong in June, while costs were above plan.
- \$2.7M in Cares Act funding included in June.
- \$55.3M of Cares Act funding received for FY20/FY21 expense are included in FY21 revenue.
- Prior year includes \$92.7M operating gain for Virginia Premier.



**VCUHealth**<sup>TM</sup>

VCU Health System Authority

VCU Health System

### Key Performance Indicators (YTD as of 06/2021)

**Debt Service Coverage Ratio**  
**4.9** ▲  
 As of 06/2021

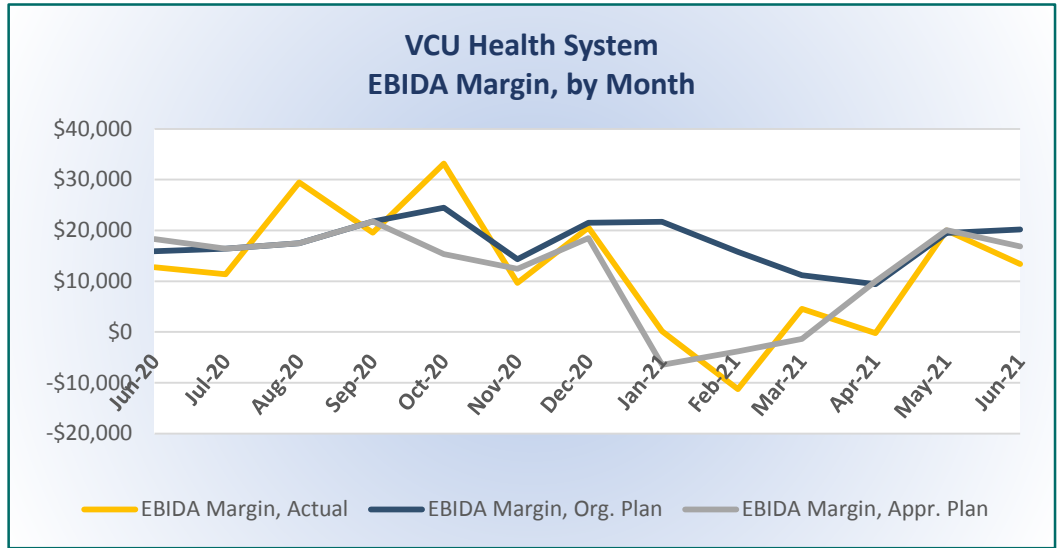
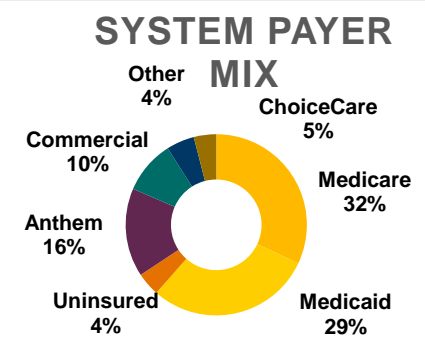
**4.2**  
 FY21 Target

**Expenses per Day**  
**\$6,599** ▼  
 As of 06/2021

**\$6,697**  
 FY21 Target

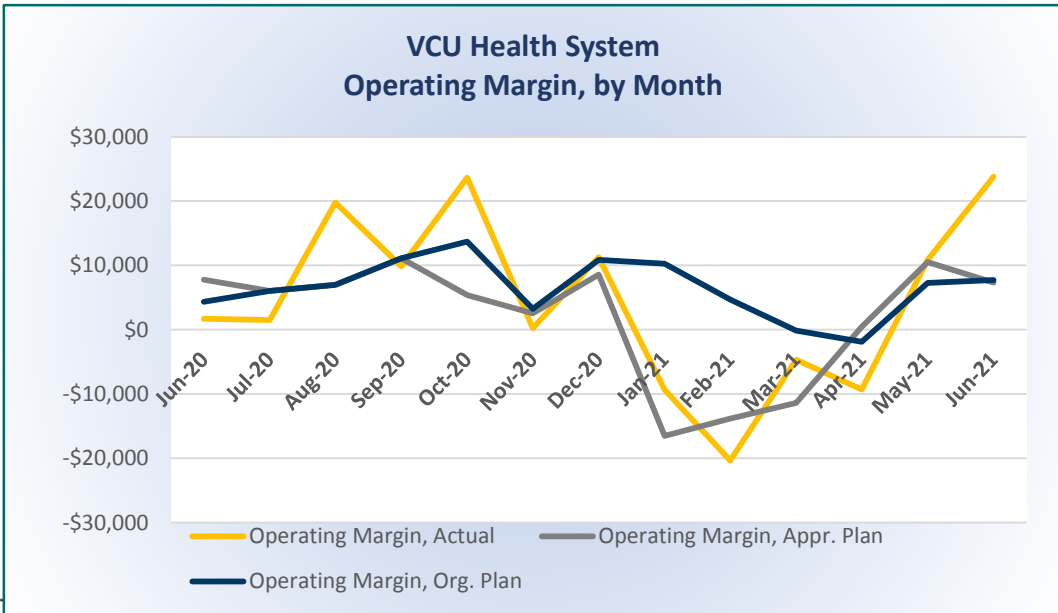
**Return on Assets**  
**11.6%** ▲  
 As of 06/2021

**5.4%**  
 FY21 Target



**Operating Margin**  
**1.8%** ▲  
 FY21 Target 2.5%

**EBIDA Margin**  
**6.3%** ▲  
 FY21 Target 8.5%



**Days' Cash on Hand**  
**338.7** ▲  
 FY21 Target: 190

*Small arrows indicates desired trend*

# Treasurer's Report As of June 30, 2021

Finance, Budget and Investment Committee

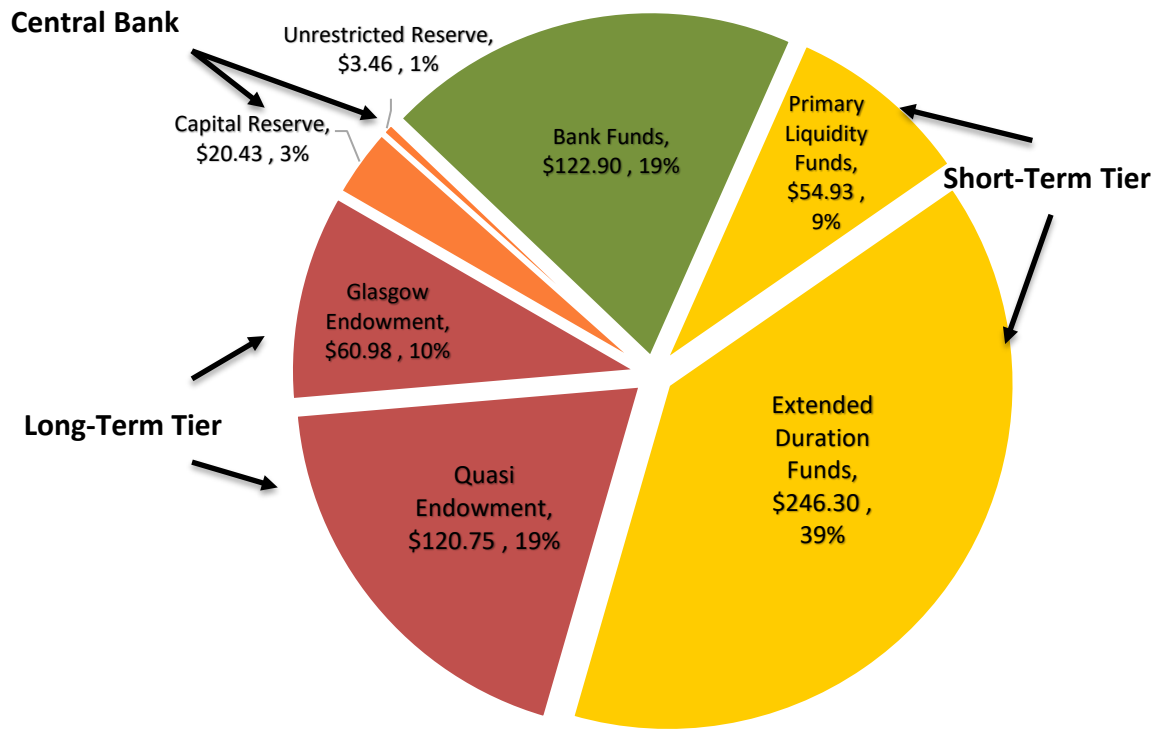
Karol Kain Gray

September 17, 2021



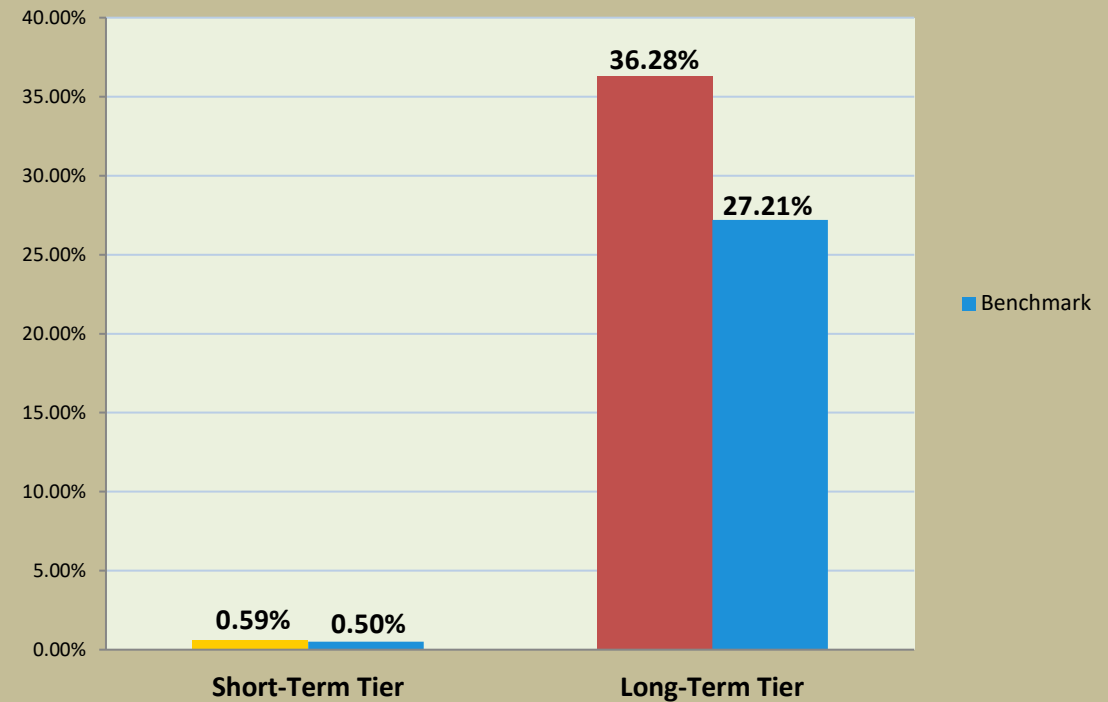
# Total University Funds Overview for the Period Ending June 30, 2021

University Funds  
Market Value (Millions)



**Total University Funds  
\$629.75M**

1-Year Investment Funds Performance



## Short-Term Tier Performance Summary As of June 30, 2021

### Performance Summary (Net of Fees)

	Market Value	Current Allocation	1 Month	QTD	1 Year	Annualized		
						3 Years	5 Years	Since 7/2009
<b>Primary Liquidity Funds / Payden &amp; Rygel</b>	<b>\$ 54,929,392</b>	<b>18.2%</b>	<b>0.00%</b>	<b>-0.02%</b>	<b>0.07%</b>	<b>1.43%</b>	<b>1.25%</b>	<b>0.62%</b>
<i>iMoneyNet MM All Taxable</i>			<i>0.00%</i>	<i>0.00%</i>	<i>0.02%</i>	<i>1.03%</i>	<i>0.89%</i>	<i>0.38%</i>
<b>Extended Duration Funds / Merganser</b>	<b>\$ 246,296,193</b>	<b>81.8%</b>	<b>-0.09%</b>	<b>0.24%</b>	<b>0.60%</b>	<b>3.07%</b>	<b>2.04%</b>	<b>1.76%</b>
<i>BofA ML US Corp &amp; Govt 1-3 Year Blended<sup>1</sup></i>			<i>-0.13%</i>	<i>0.06%</i>	<i>0.54%</i>	<i>2.98%</i>	<i>1.90%</i>	<i>4.05%</i>
<b>Total Operating Funds</b>	<b>\$ 301,225,585</b>	<b>100.0%</b>	<b>-0.07%</b>	<b>0.17%</b>	<b>0.59%</b>	<b>2.80%</b>	<b>1.93%</b>	<b>1.40%</b>
<i>Short-Term Tier Composite<sup>2</sup></i>			<i>-0.09%</i>	<i>0.05%</i>	<i>0.50%</i>	<i>2.61%</i>	<i>1.71%</i>	<i>1.62%</i>

<sup>1</sup> BofA ML US Corp & Gov 1-3 Year Blended Index = Citi 6-Month T-Bill 7/31/2009 to 2/28/2010; BofA ML US Corp & Govt 1-3 Year AAA-A 3/31/2010 to 4/30/2016; BofA ML Treasury 1-5 Year 5/31/2016 to 3/31/2017, BofA ML US Corp & Govt 1-3 year 4/30/2017 to present

<sup>2</sup> Short-Term Tier Composite = Weighted Average of iMoneyNet MM All Taxable/BofA ML US Corp & Gov 1-3 Year Blended Index

## Long-Term Tier Performance Summary Estimated as of June 30, 2021

### VCU Long-Term Tier

Estimated June 30, 2021	Amount (\$M)	% Allocation	Since Inception						
			4/30/2016	5 Years	3 Years	1 Year	CYTD	FYTD	3 Mos
<b>VCIMCO Funds</b>	<b>\$ 179.1</b>	<b>100.0%</b>	<b>10.19%</b>	<b>10.36%</b>	<b>13.03%</b>	<b>36.65%</b>	<b>12.91%</b>	<b>36.65%</b>	<b>6.73%</b>
<i>Long-Term Policy Benchmark<sup>1</sup></i>			<i>10.75%</i>	<i>11.02%</i>	<i>11.86%</i>	<i>27.21%</i>	<i>8.95%</i>	<i>27.21%</i>	<i>6.08%</i>
<b>Equity</b>	<b>124.9</b>	<b>69.7%</b>	<b>14.62%</b>	<b>14.99%</b>	<b>17.00%</b>	<b>49.96%</b>	<b>16.10%</b>	<b>49.96%</b>	<b>8.80%</b>
<i>MSCI All Country World</i>			<i>13.99%</i>	<i>14.61%</i>	<i>14.55%</i>	<i>39.26%</i>	<i>12.30%</i>	<i>39.26%</i>	<i>7.39%</i>
<b>Credit and Absolute Return</b>	<b>32.3</b>	<b>18.0%</b>	<b>5.37%</b>		<b>7.46%</b>	<b>19.40%</b>	<b>10.15%</b>	<b>19.40%</b>	<b>2.97%</b>
<i>Barclays US Corporate High Yield</i>			<i>7.03%</i>		<i>7.44%</i>	<i>15.37%</i>	<i>3.62%</i>	<i>15.37%</i>	<i>2.74%</i>
<b>Real Assets</b>	<b>5.6</b>	<b>3.1%</b>	<b>-1.76%</b>	<b>-2.89%</b>	<b>-2.82%</b>	<b>15.99%</b>	<b>7.10%</b>	<b>15.99%</b>	<b>6.73%</b>
<i>MSCI All Country World Real Estate</i>			<i>6.83%</i>	<i>6.36%</i>	<i>7.73%</i>	<i>26.97%</i>	<i>14.88%</i>	<i>26.97%</i>	<i>8.36%</i>
<b>Treasuries</b>	<b>1.3</b>	<b>0.7%</b>	<b>0.60%</b>	<b>0.36%</b>	<b>1.66%</b>	<b>-2.49%</b>	<b>0.54%</b>	<b>-2.49%</b>	<b>-2.48%</b>
<i>Barclays US Treasury</i>			<i>2.13%</i>	<i>1.93%</i>	<i>3.96%</i>	<i>-1.18%</i>	<i>-1.14%</i>	<i>-1.18%</i>	<i>0.62%</i>
<b>Cash and Equivalents</b>	<b>15.0</b>	<b>8.4%</b>							
<b>VCU Long-Term Tier</b>	<b>\$ 180.2</b>		<b>10.17%</b>	<b>12.89%</b>	<b>12.89%</b>	<b>36.28%</b>	<b>12.80%</b>	<b>36.28%</b>	<b>6.64%</b>

Total VCU Long-Term Tier includes residual investments held by JP Morgan.

JP Morgan valuations are based on manager reporting. Totals may not sum due to rounding. Past performance is not predictive of future results.

Returns for periods greater than one year are annualized. Performance is estimated based on best available data as of July 14, 2021.

Performance includes reporting by 34 of 35 Ram Private Assets Fund, LP underlying investments representing 99.8% of net asset value as of March 31, 2021.

Since inception return is indicative of VCIMCO's inception (April 30, 2016) unless otherwise indicated.

<sup>1</sup> 65% MSCI All Country World, 25% Barclays US Aggregate, 10% MSCI All Country World Real Estate.

## Central Bank Performance Summary Estimated as of June 30, 2021

### VCU Central Bank

Estimated June 30, 2021	Amount (\$M)	% Allocation	Since Inception						
			7/31/2019	3 Years	1 Year	CYTD	FYTD	3 Mos	Month
<b>VCIMCO Funds</b>	\$ 23.9	100.0%	18.96%		34.60%	12.06%	34.60%	7.67%	2.11%
<i>Long-Term Policy Benchmark<sup>1</sup></i>			14.89%		27.21%	8.95%	27.21%	6.08%	1.17%
<b>Equity</b>	16.0	67.1%	24.78%		47.54%	15.03%	47.54%	10.50%	3.52%
<i>MSCI All Country World</i>			19.97%		39.26%	12.30%	39.26%	7.39%	1.32%
<b>Credit and Absolute Return</b>	4.9	20.4%	12.30%		19.40%	10.15%	19.40%	2.97%	0.15%
<i>Barclays US Corporate High Yield</i>			7.44%		15.37%	3.62%	15.37%	2.74%	1.34%
<b>Real Assets</b>	0.6	2.6%	-5.59%		16.48%	7.58%	16.48%	7.29%	-7.03%
<i>MSCI All Country World Real Estate</i>			6.84%		26.97%	14.88%	26.97%	8.36%	1.38%
<b>Treasuries</b>	0.2	0.8%	0.75%		-2.49%	0.54%	-2.49%	-2.48%	-3.20%
<i>Barclays US Treasury</i>			3.08%		-1.18%	-1.14%	-1.18%	0.62%	-0.07%
<b>Cash and Equivalents</b>	2.2	9.0%							
<b>VCU Central Bank</b>	\$ 23.9		16.22%		29.51%	12.06%	29.51%	7.67%	2.11%

Total Central Bank performance includes Payden & Rygel returns through 12/31/2020.

Totals may not sum due to rounding. Past performance is not predictive of future results.

Returns for periods greater than one year are annualized. Performance is estimated based on best available data as of July 14, 2021.

<sup>1</sup> 65% MSCI All Country World, 25% Barclays US Aggregate, 10% MSCI All Country World Real Estate.












**Central Bank Net Asset Report  
as of June 30, 2021**

	<b>Total</b>	<b>Capital Reserve Account</b>	<b>Unrestricted Account</b>
<b>Beginning Balance (6/30/2020)</b>	<b>\$11,114,747</b>	<b>\$8,353,523</b>	<b>\$2,761,224</b>
Loans Receipts	18,008,490		
External Debt Payments	(5,236,111)		
	12,772,379	8,059,073	4,713,306
Investment Returns	4,263,064	4,020,666	242,398
New Internal Loan - Athletic Village #2 (Salvation Army)	(4,261,049)	-	(4,261,049)
<b>Ending Balance (6/30/2021)</b>	<b><u>\$23,889,141</u></b>	<b><u>\$20,433,262</u></b>	<b><u>\$3,455,879</u></b>

# Investment Compliance Dashboard

## As of June 30, 2021

	Short-Term Investments	Long-Term Investments
Compliance Certificate (pages 8 - 9)		
Investment Performance (pages 3 – 5)		
Asset Allocations (pages 9 - 10)		
Investment that requires management notification (See note on page 10)		

 No issue

 Watching

 Concern

**Investment Manager Compliance Certification  
with the VCU Investment Policy  
June 30, 2021**

- 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, 2021, 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.



We have reviewed the investment portfolios for compliance with the investment guidelines provided by Virginia Commonwealth University for **June 2021**.



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, 2021.

- VCIMCO (Long-Term Fund Manager) has provided a statement attesting to compliance with the VCU Investment Policy.

# Short-Term Portfolio

## Authorized Investments, Diversification Restrictions and Duration/Credit Quality Constraints

### June 30, 2021

Authorized Investments	Primary Liquidity Fund (Payden & Rygel)						Extended Duration Fund (Merganser)					
	Policy Max	Actual %	Minimum Rating	Actual Min Rating	Max Maturity	Actual Max Maturity	Policy Max	Actual %	Minimum Rating	Actual Min Rating	Max Maturity	Actual Max Maturity
Cash	100%	0%	n/a	n/a	n/a	n/a	100%	0%	n/a	n/a	n/a	n/a
U.S. Treasury and Agency Securities	100%	55%	n/a	n/a	n/a	2.5 years	100%	15%	n/a	AAA	n/a	2.1 years
Non-Negotiable Certificates of Deposit (CDs)	5%	0%	Fed insured and VSPDA collateralized	n/a	5 years	n/a	0%		Fed insured and VSPDA collateralized		5 yrs	
Negotiable CDs and/or Negotiable Bank Deposit Notes	20%	3%	A-1, P-1 for 1yr or less/AA-, Aa3 for over 1yr	A-1/P-1	5 years	0.94 years	20%		A-1, P-1 for 1yr or less/AA-, Aa3 for over 1yr		5 yrs	
Overnight/Open Treasury/Agency Repurchase Agreements	100%	0%	Treasury/Agency/GSE - collateralized	n/a	overnight	n/a	0%		Treasury/Agency/GSE - collateralized		overnight	
Overnight/Open non-Treasury/Agency Repurchase Agreement	50%	0%	GSE collateralized	n/a	overnight	n/a	0%		GSE collateralized		overnight	
Term Repurchase Agreements	20%	0%	>100% Treasury/Agency/GSE -	n/a	n/a	n/a	0%		>100% Treasury/Agency/GSE -		n/a	
Banker's Acceptances	40%	0%	A-1, P-1	n/a	n/a	n/a	0%		A-1, P-1		n/a	
Commercial Paper	35%	19%	A-1, P-1, F-1, D-1	A-1, P-1, F-1, D-1	< 270 days	170 days	0%		A-1, P-1, F-1, D-1		< 270 days	
Money Market Funds	35%	0%	AAA	n/a	n/a	n/a	10%	1%	AAA	AAA	n/a	0
Corporate Notes/Bonds	25%	23%	A-, A3	A- by two	n/a	3 years	40%	39%	A-, A3	A	n/a	2.1 years
Municipal Securities	10%	0%	A-, A3	n/a	n/a	n/a	10%		A-, A3		n/a	
Asset-Backed Securities	0%	0%	AAA	n/a	5 years	n/a	40%	28%	AAA	AAA	5 yrs	1.4 years
Combined Agency MBS, Agency/Private CMOs, CMBS, RMBS, PA	0%	0%	AAA	n/a	5 years	n/a	50%	17%	AAA	AAA	5 yrs	2.6 years
Agency Mortgage-Backed Securities (MBS)	0%	0%	AAA	n/a	5 years	n/a	50%	7%	AAA	AAA	5 yrs	3 years
Agency CMOs (including PACs)	0%	0%	AAA	n/a	5 years	n/a	10%	2%	AAA	AAA	5 yrs	3 years
Commercial Mortgage-Backed Securities (CMBS)	0%	0%	AAA	n/a	5 years	n/a	10%	7%	AAA	AAA	5 yrs	2 years
Private Label Residential Mortgages (including CMOs & PA	0%	0%	AAA	n/a	5 years	n/a	5%		AAA		5 yrs	
International Development Bank Obligations	0%	0%	AAA	n/a	5 years	n/a	5%	1%	AAA		5 yrs	3.5 years
		100%						100%				

Funds	Duration Constraints		
	Policy Max	Actual Fund Duration	Allowable Duration Deviation
Primary Liquidity Fund (Payden & Rygel)	9 Months	0.4 months	+10%
Extended Duration Fund (Merganser)	ML 1-3 YR Govt/Corp (1.8 years)	1.8 years	+10%

# Long-Term Portfolio

## Strategic Asset Allocation Risk Control Targets and Ranges

### June 30, 2021

VCU Long-Term Tier					
Asset Class	%	Target	Min	Max	In Compliance
Equity	72.7%	65.0%	40.0%	70.0%	No*
Real Assets	3.2%	5.0%	0.0%	20.0%	Yes
Credit	9.5%	10.0%	5.0%	45.0%	Yes
Sovereign	1.0%	5.0%	0.0%	25.0%	Yes
Cash/Residual	13.7%	15.0%	0.0%	25.0%	Yes
<b>Total VCIMCO Market Value</b>	<b>100.0%</b>	<b>100.0%</b>			

Currency Region	Exposure	Range	In Compliance
Americas	65.0%	50.0% - 100.0%	Yes
EMEA	15.8%	0.0% - 30.0%	Yes
Asia	22.1%	0.0% - 30.0%	Yes
Rest of World	5.0%	0.0% - 20.0%	Yes
<b>Gross Total</b>	<b>108.0%</b>		
<i>Implied Leverage</i>	-8.0%		
<b>Net Total</b>	<b>100.0%</b>		

Geographical Region	Exposure	Range	In Compliance
Americas	49.9%	25.0% - 75.0%	Yes
EMEA	14.0%	0.0% - 50.0%	Yes
Asia	17.1%	0.0% - 40.0%	Yes
Rest of World	5.0%	0.0% - 20.0%	Yes
<b>Net Total</b>	<b>86.0%</b>		

\*Underlying equity exposure exceeded the upper bound as of June 30, 2021. VCIMCO understands that VCU intends to propose a revision to the IPS to increase the upper bound to 80% in order to reduce frictional rebalancing costs and provide a more symmetrical range to the target in the current fiscal year. In the meantime, VCIMCO has taken action to bring equity exposure back within current policy range.

Remedied x/x/21

Note: As of 06/30/2021. Totals may not sum due to rounding.

**Monitoring Report  
as of September 10, 2021**

# Monitoring Report as of September 10, 2021

# ARMICS

**Virginia Commonwealth University**

**Finance, Budget and Investment Committee**

**September 17, 2021**



**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 SVP/ CFO 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

The ERM Steering Committee met in May 2021 to discuss and approve changes to the ERM definitions and process of risk identification and review:

- Enhanced collaboration between Risk Management and Internal Audit
- Risk owners are reviewing the mitigation plans and updating risk scores
- ERM Steering Committee will review mitigation plans and make recommendations on the risk appetite in the fall

# 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 Senior Vice President/CFO and the President that their operations have met the process and transaction level requirements
- Controller’s Office consults with departments and central units to assist with risk assessment and controls as well as perform some additional testing of internal controls

# Integrity of Fiscal Processes

- Integrity and accountability are core values of the university and the Controller's Office will continue its initiative to ensure that these values are understood and adhered to throughout the university community.
- Extensive refresher training courses on ARMICS requirements were conducted in FY21. Courses continue to be offered semi-annually for new employees.
- Mandatory fiscal training continues to be a requirement to obtain access to the Banner Finance system.

# Summary

- VCU will have met ARMICS requirements for FY 2021 through the following:
  - Completion of the certifications by the departments to the Vice Presidents by June 30, 2021
  - Focused 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, 2021
- ARMICS is an on-going process that is 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, 2021

Beginning Balance	\$25,350
Expenses - Scholarships	5,000
	<hr/>
Ending Balance	<u>\$20,350</u>

**Virginia Commonwealth University**  
**September 2021 Summary of Major Capital Projects**

Project	Funding		Final Completion	Comments
	Amount	Source		
<b>Completed Projects:</b>				
Engineering Research Expansion	\$41,341,000	State-Supported Debt	Spring 2021	Project is substantially complete and within budget. Minor requests and warranty items are being addressed. Costs for larger alterations are being supported by the requester. Project reconciliation and final closeout is in progress.
	\$49,000,000	University-Supported Debt		
	\$10,300,000	State-Supported Debt		
	\$100,641,000	Total		
D Parking Deck Restoration	\$8,000,000	University-Supported Debt	June 2021	This project is substantially complete. Reconciliation and final closeout is in progress.
	\$4,500,000	Auxiliary Enterprise		
	\$12,500,000	Total		
<b>Construction Underway:</b>				
Trani Life Sciences Roof & HVAC Replacement	\$7,114,000	State-Supported Debt	October 2021	Mediation is complete. Mechanical systems are substantially complete. Reroofing efforts continue. Coordination and repair of fire damaged areas is in progress.
	\$7,114,000	Total		
Rice Center Research Facility	\$5,500,000	Private Funds	Summer 2021	Project is substantially complete with punchlist efforts underway. The Certificate of Occupancy has been issued and preparations for move-in are in progress. Reconciliation and closeout are underway.
	\$1,100,000	Life Sciences Funds		
	\$1,000,000	Internal Loan		
	\$7,600,000	Total		
Sanger 9 Surgery Innovation Suite	\$6,187,800	School of Medicine Funds	Jun 2021	Project is delayed due to equipment changes and unforeseen floor conditions. Substantial completion has been achieved. Punchlist efforts and final construction negotiations are in progress. Move-in and occupancy are underway.
	\$6,187,800	Total		
STEM Teaching Laboratory Building	\$113,505,000	State-Supported Debt	Winter 2022	Construction is currently on time and within budget though supply chain delays continue to pose a risk to the schedule. The structure is complete and framing and infrastructure installations are progressing as expected. The procurement of furniture and equipment is ongoing.
	\$10,967,000	General Fund		
	\$124,472,000	Total		
<b>Planning Underway:</b>				
Arts Innovation and Academic Building	\$6,809,000	University Funds		Procurement of Construction Manager at Risk is beginning. Statements of Interest and Qualifications to be issued by September.
	\$6,809,000	Total		
On Schedule	Delay		Significant Delay	