



FINANCE, BUDGET AND INVESTMENT COMMITTEE

11:15 AM

DECEMBER 10, 2021

JAMES BRANCH CABELL LIBRARY ROOM 303

RICHMOND, VIRGINIA

AGENDA

- 1. CALL TO ORDER** *Mr. Stuart Siegel, Chair*
- 2. APPROVAL OF MINUTES (September 17, 2021)** *Mr. Stuart Siegel, Chair*
- 3. ACTION ITEMS:**
 - a. Tax Exempt Debt Compliance Policy *Ms. Karol Kain Gray, Senior Vice President and CFO*
 - b. VCU Investment and Liquidity Policy *Dr. Meredith Weiss, Vice President for Administration*
 - c. Request for Approval: Demolition of 708 West Grace Street
- 4. REPORT FROM SENIOR VICE PRESIDENT FOR FINANCE AND BUDGET** *Ms. Karol Kain Gray, Senior Vice President and CFO*
 - a. University's Cash Position
 - b. Related Entities Financial Statement Summary
 - c. VCU Budget Update
 - d. SWaM Update
- 5. REPORT FROM VICE PRESIDENT FOR ADMINISTRATION** *Dr. Meredith Weiss, Vice President for Administration*
 - a. Administrative Update
- 6. MISCELLANEOUS REPORTS:** *Mr. Stuart Siegel, Chair*

For Informational Purposes Only:

 - a. Sources and Uses Funding
 - b. Revenue and Expense Summary
 - c. VCU Health System and Financial Operations
 - d. Treasurer's Report
 - e. Capital Projects Update
 - f. Related Entities Annual Reports
- 7. OTHER BUSINESS** *Mr. Stuart Siegel, Chair*
- 8. ADJOURNMENT** *Mr. Stuart Siegel, Chair*



**BOARD OF VISITORS
FINANCE, BUDGET AND INVESTMENT COMMITTEE
SEPTEMBER 17, 2021
MINUTES**

DRAFT

COMMITTEE MEMBERS PRESENT:

Mr. Stuart C. Seigel, chair
Ms. Pamela El
Mr. Peter Farrell
Mr. Andrew Florance
Mr. Edward L. McCoy

COMMITTEE MEMBERS ABSENT:

Mr. Todd P. Haymore, vice chair
Ms. Alexis Swann

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
Members of the Press

CALL TO ORDER:

Mr. Stuart Seigel, Chair of the Finance, Budget and Investment Committee, called the meeting to order at 10:55 a.m.

APPROVAL OF MINUTES:

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

OPEN SESSION ITEMS:

Mr. Siegel began at by asking Ms. Gray to present the 2021-22 Finance, Budget and Investment Committee Charter and Meeting Planner.

Ms. Gray presented the proposed changes to the 2021-22 committee charter and meeting planner in keeping with the Board's bylaws and current operational practices. This year's recommended changes are updates to university position titles referenced in the documents.

Mr. Siegel asked Ms. Gray to present the resolution to approve the increase in designation of the Quasi Endowment.

Ms. Gray provided a brief history on the creation of the quasi endowment of \$90 million in December 2016 to increase cash balances and generate additional investment income for strategic use. VCU Investment Management Company (VCIMCO) manages these funds under the board-approved investment policy. Ms. Gray reported the current value of the endowment at approximately \$121 million and provided an analysis of how the additional \$20 million of this increase in designation would impact the University.

Mr. Siegel asked Dr. Weiss to present the six-year capital plan amendment for Renovations to Founders Hall.

Dr. Weiss reviewed the project details for correcting significant water intrusion, roofing, and masonry exterior issues in the historic facility located at 827 Franklin Street. The estimated cost of the project is \$3.2 million and will be covered with maintenance reserve funds.

On motion duly made and seconded, the three action items were approved for recommendation of approval to the full board.

A copy of the action items are attached hereto as **Attachment A**.

SENIOR VICE PRESIDENT'S REPORT

Mr. Siegel asked Ms. Gray to present her report on the following:

Reporting Structure of Related Foundations and VCIMCO – Ms. Gray reviewed the governance relationship between VCIMCO and other VCU foundations noting that each are separate 501 [C] [3] organizations with their own boards with an annual financial statement audit performed by an independent auditor for all. The foundations exist solely to benefit the University. The President or his designee is a member of the foundation board and one member of the VCU Board is also a member of the foundation board. Memorandum of Understandings govern the relationship with the foundations and are signed by both parties with renewals every three to five years. The foundations are reported as component units of the University on financial statements and 990 filings are also reviewed by the University. The Senior VP and CFO provide an annual high-level review of financial results of the foundations to this committee.

VCIMCO is required to adhere to VCU's investment policy and an investment management agreement is signed between the parties and updated as necessary. The VCIMCO board includes: 2 appointees from the VCU Board (not necessarily VCU Board Members), 2 appointees from VCUHS Board, and 1 appointee from the VCU President who is Chair.

VCU Investment Management Company Report – Ms. Nancy Everett, Chief Investment Officer for VCIMCO provided an update to the committee showing total assets under management of almost \$2 billion. Ms. Everett provided a brief market review for 2021 Q2 and a portfolio performance for VCIMCO for Quarterly Year-t -Date (representative portfolio of 6.7%), Final

Year-to Date (representative portfolio of 36.7%) and a 3-year review (representative portfolio of 13.0%).

Annual Debt Report – Ms. Gray presented the University’s debt management report as of June 30, 2021 showing no major concerns or compliance issues with how debt is being managed in accordance with the board debt policy approved in 2013. The University has \$422.6 million in total debt with 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 and during the next 10 years, over \$254 million of outstanding debt will be retired. Ms. Gray also reviewed Peer Comparisons and Selection (criteria and schools) as well as the diversified concentration risk across financial institutions provided credit services, investments, custody services and banking.

VCU Budget Update – Ms. Gray reviewed the 2021 tuition budget to actuals showing a \$5.8 million variance due to summer enrollment. With the total 2021 fall tuition, the budget is showing a projected annual deficit of \$7.8 million which will be addressed by the University’s Budget Committee.

FACILITIES WAM OVERVIEW

Mr. Siegel asked Dr. Weiss to provide her report on women and minority-owned spending as it relates to Facilities Management.

Dr. Weiss provided the FY21 impact showing that minority-owned spending within Facilities represented 65% of the University’s total spend and was 41% of the University’s total spend with woman-owned vendors. Dr. Weiss also reviewed the total SWAM, Minority and Woman-owned spend within the larger current capital construction projects. University Renovations also utilizes SWAM, Minority and Woman-Owned businesses and Dr. Weiss provided a five-year review of those expenditures. The facilities and procurement departments are working in partnership to implement improvements and streamline efforts to assist with access, outreach and transparency, to measure goals, accountability and explore areas for growth and innovation. The Athletic Village now being developed will provide additional opportunities for improvements in WAM expenditures.

REPORTS FOR INFORMATIONAL PURPOSES:

Mr. Siegel noted that there were several reports for informational purposes, specifically, the Sources and Uses of Funding, Revenue and Expense Summary, VCU Health System and Financial Operations, Treasurer’s Report, Agency Risk Management and Internal Controls Standards (ARMICS), Board of Visitors Fund Annual Report, and Capital Projects Update.

A copy of the Ms. Gray and Dr. Weiss’ presentation is attached hereto as Attachment A.

Virginia Commonwealth University
Finance, Budget and Investment
September 17, 2021

ADJOURNMENT:

There being no further business, Mr. Siegel adjourned the meeting at 11:45 a.m.

ATTACHMENT A

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
A. General							
1. Adopt a formal written charter that specifies the Committee’s scope of responsibility. The charter should be reviewed and updated as necessary.	X			X			
2. Maintain minutes of open session meetings.		X		X	X	X	X
3. Report Committee actions to the Board of Visitors with such recommendations as the Committee may deem appropriate.		X		X	X	X	X
4. Consistent with state law, the Committee may meet in closed session (with or without members of senior management present) with the external auditors and/or the 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. Financial Policy and Investments							
1. Review recommendations of the Administration concerning new or revised financial policy and make appropriate recommendations to the Board of Visitors.			X				
2. Review financial assumptions upon which budgets are based.	X						X
3. Review and recommend approval of the six-year financial plan and operating budget.	X			X			
4. Review and recommend approval of the six-year capital outlay plan and capital outlay budget, and all amendments to the plan.	X		X				X
5. Review periodically and compare financial operating results with appropriate budgets and benchmarks.		X		X	X	X	X
6. Approve major design changes to the VCU Optional Retirement Plan			X				
7. Review annual financial statements and supporting schedules and report to the Board the results of that review.	X				X		
8. Serve, with the advice of the Investment Advisory Subcommittee, as an investment committee and oversee University investment policies and activities including			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
C. Facilities Planning and Debt Management							
1. Review and recommend approval of the master site plan.			X				
2. Review and recommend approval of plans for new construction and major renovation projects in accordance with Board-approved procedures.		X		X	X	X	X
3. Review and recommend approval of the six year capital outlay program and amendments thereto.	X		X				X
4. Review and recommend to the Board all debt issuance and review debt management policies.	X		X	X			
5. Review and recommend approval of property acquisition or disposition of real estate and other interests therein.			X				
6. Consider such other matters relating to the maintenance and security of the University's buildings and grounds and the care and preservation of the University's furnishings and equipment as may warrant its consideration.			X				
D. Emergency Preparedness							
1. Review and recommend approval of plans pertaining to emergency preparedness and campus security			X				
E. Administration							
1. Review and approve the Committee charter and any significant updates to the charter.	X			X			
2. Review and approve the Committee work plan and any significant changes to the plan.	X			X			
3. Review the qualifications of the Committee members, staff and the level of staffing by the institution.			X				
4. Review the Deficit Disclosure.	X						
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
F. Tuition and Fees							
1. Review and recommend tuition and fee charges.	¹						X

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



Proposal to Increase Quasi Endowment

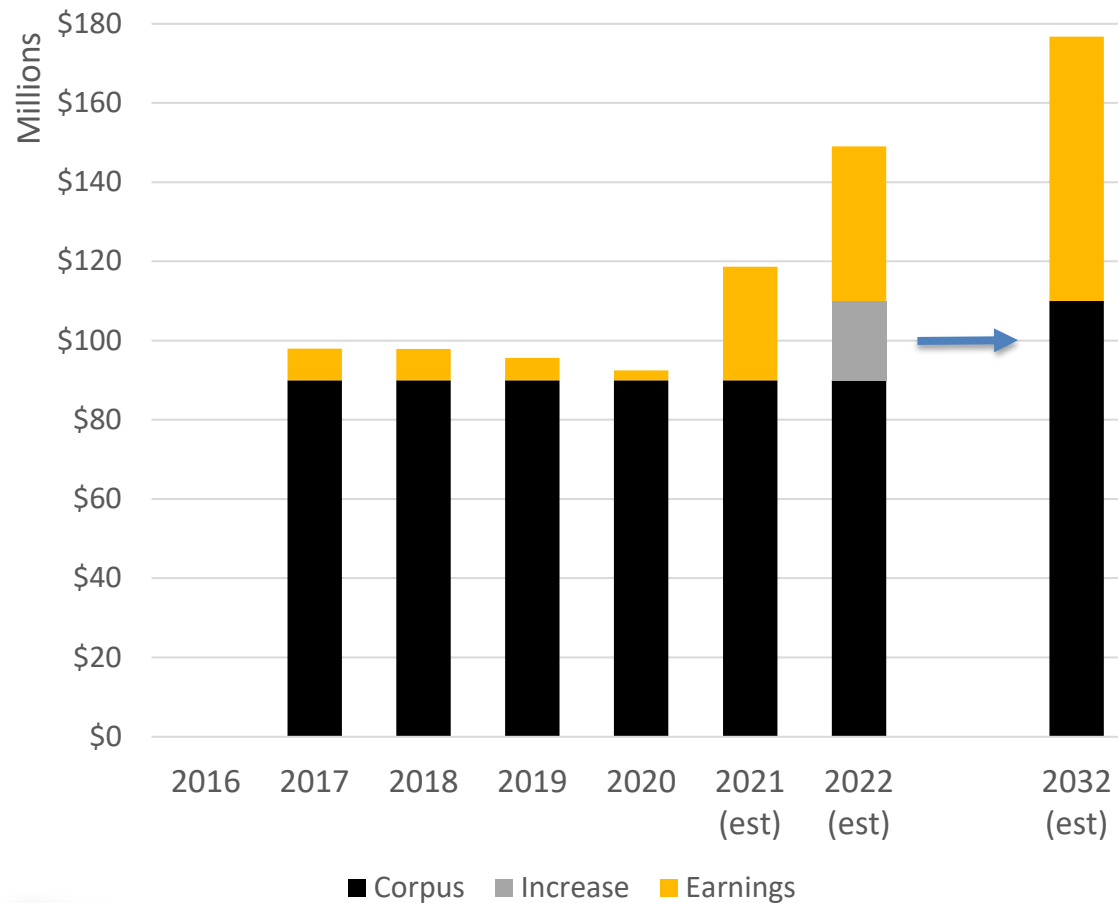
Finance, Budget and Investments Committee
Karol Kain Gray
September 17, 2021

Quasi Endowment History

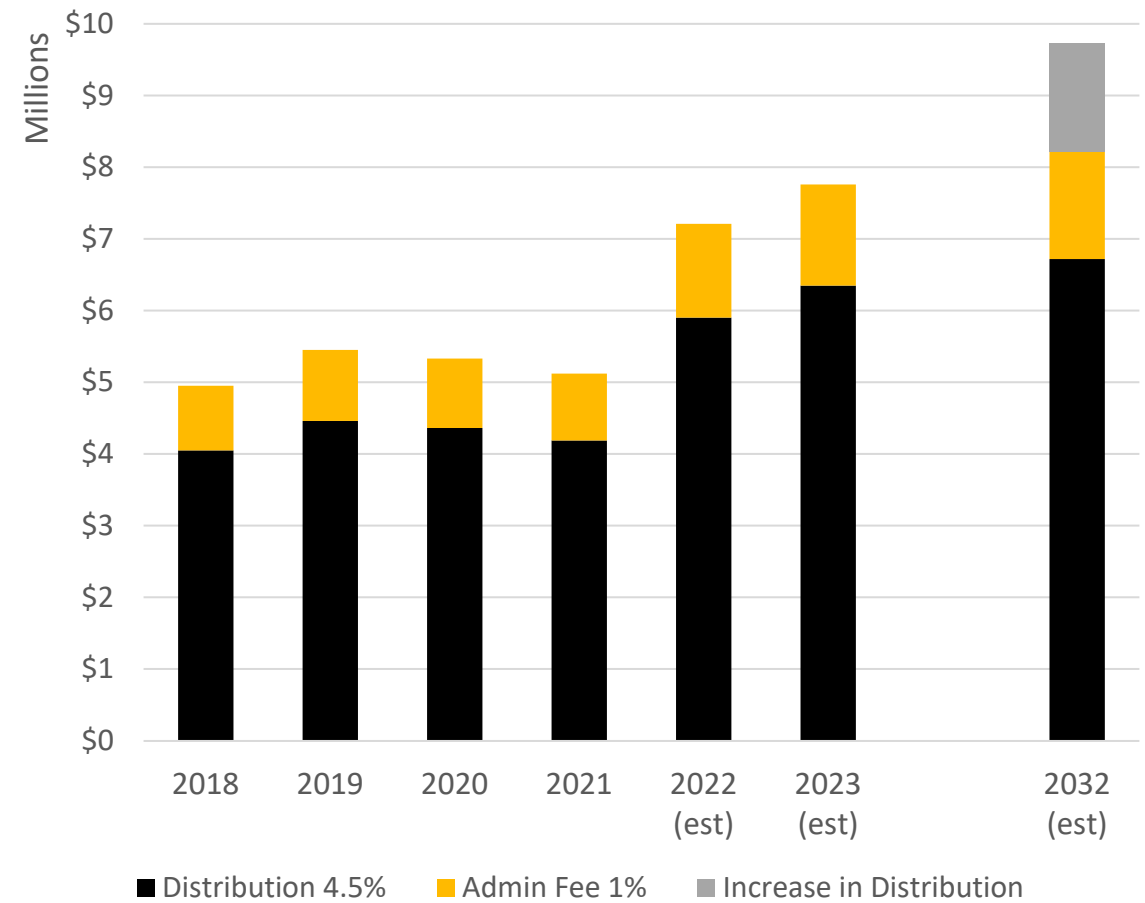
- To increase cash balances and generate additional investment income for strategic use, Board authorized \$90mm in December, 2016
- VCIMCO manages these funds under the Board-approved Investment Policy
 - Annual distribution of 4.5% and administrative fee of 1.0% provide funding for strategic uses as 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

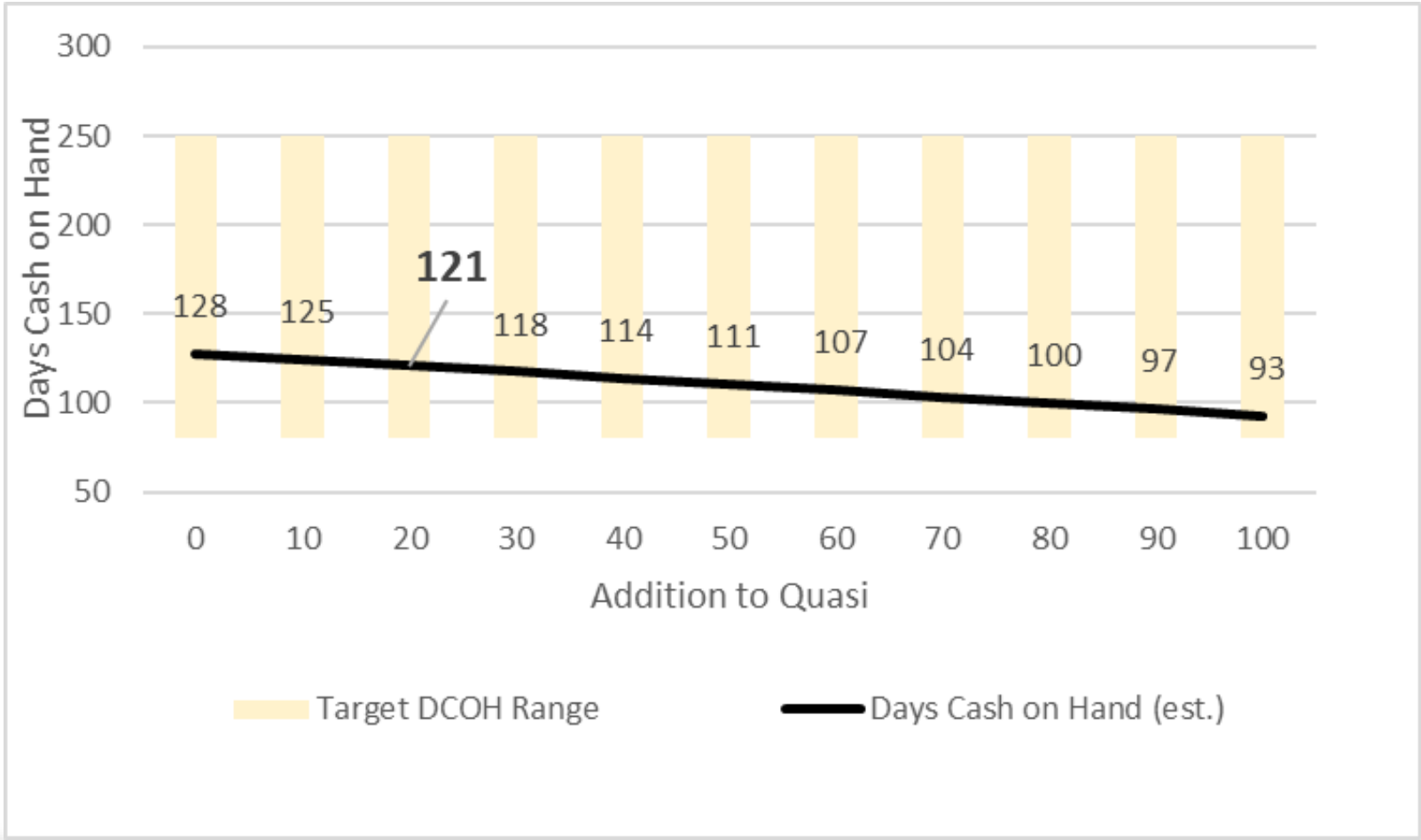


Assumes 7.5% return on investment

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

Analysis of \$20M Impact

Days Cash on Hand



Questions?



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.

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.

ATTACHMENT B

Board of Visitors

Finance Budget and Investment Committee
September 17, 2021



Agenda

Open Session

1. Call to Order
2. Approval of Minutes – May 13, 2021

Action Items:

3a FBI Committee Charter and Planner

- The Charter is updated in keeping with the Board's Bylaws and current operational practices. This year's recommended changes are updates to university position titles referenced in the document. Items provided in BoardEffect.

Action Items:

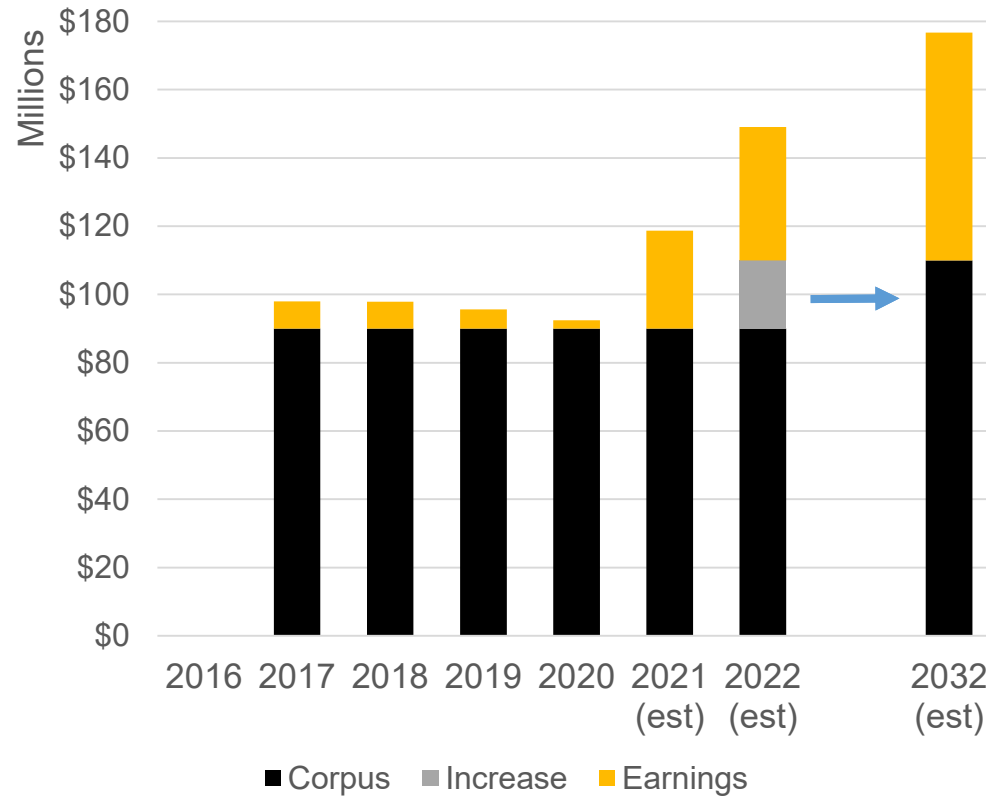
3b Resolution: Approval of Increase in Designation of Quasi Endowment

Quasi Endowment History

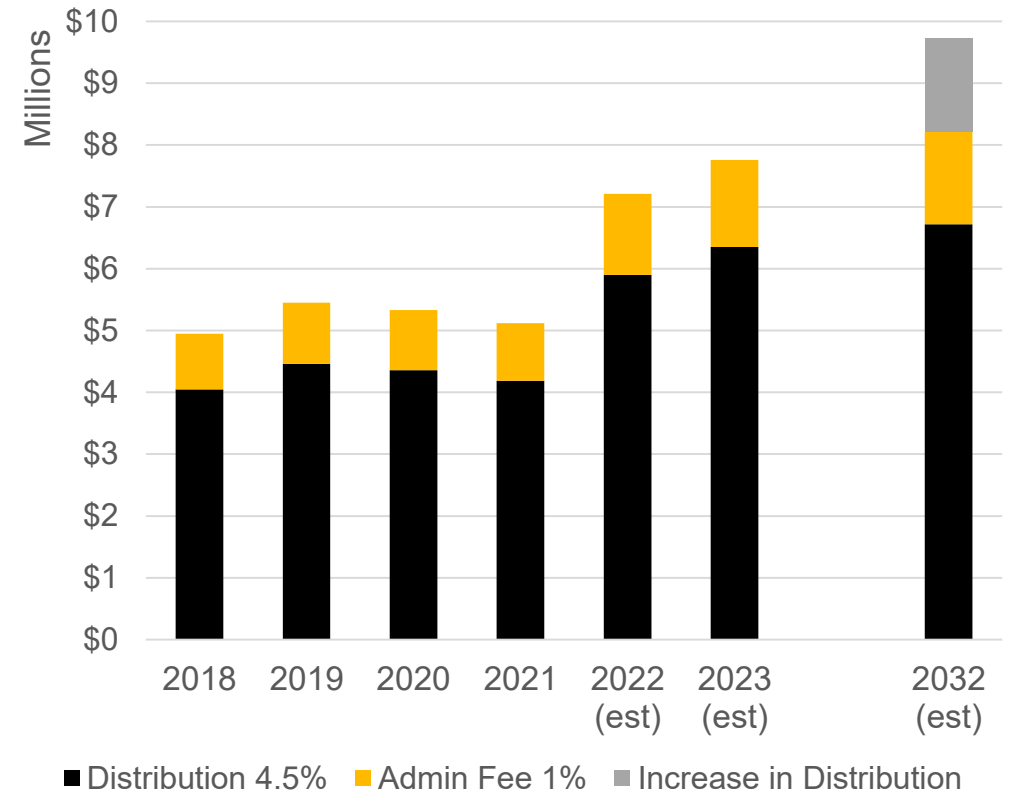
- To increase cash balances and generate additional investment income for strategic use, Board authorized \$90mm in December, 2016
- VCIMCO manages these funds under the Board-approved Investment Policy
 - Annual distribution of 4.5% and administrative fee of 1.0% provide funding for strategic uses as 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

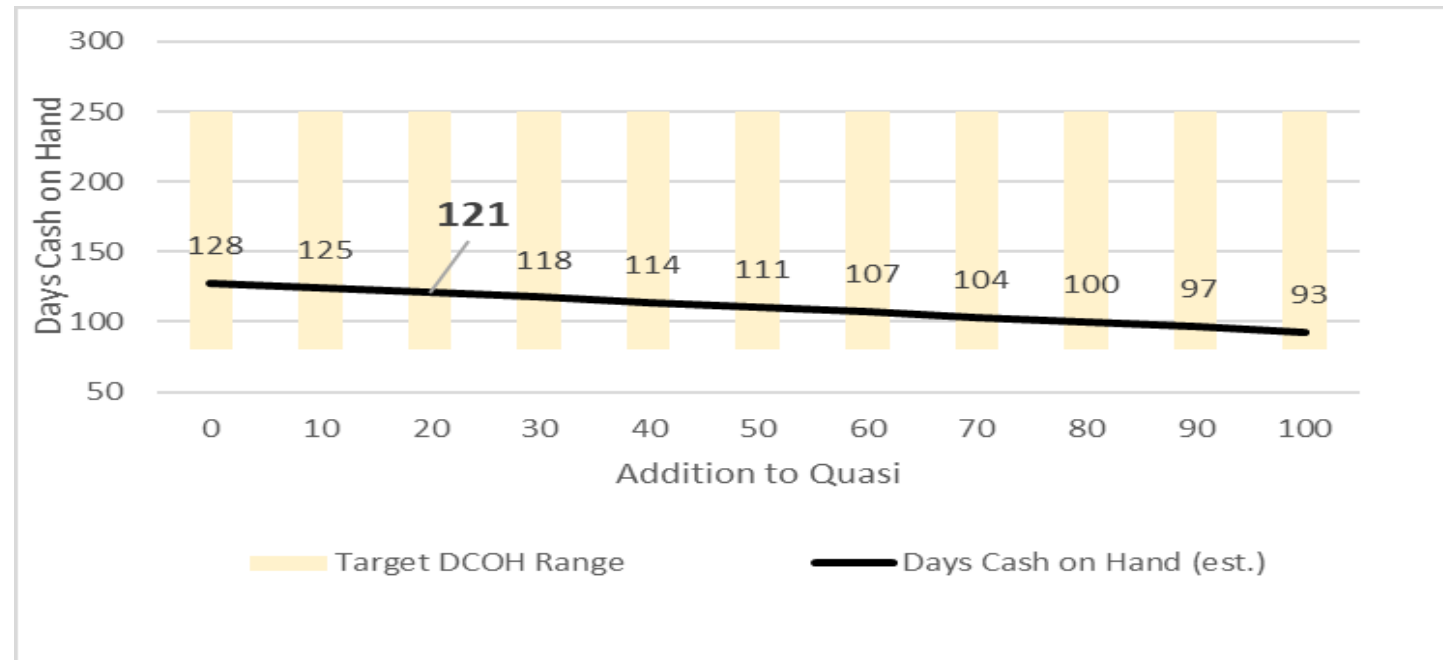


Assumes 7.5% return on investment

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

Analysis of \$20M Impact

Days Cash on Hand



Action Items:

3c Six-Year Capital Plan Amendment: Renovations to Founders Hall

Six-year Capital Plan amendment

Repair of 827 West Franklin Street | Founders Hall

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 to roofing, windows and masonry exterior.

Cost and funding source

The estimated cost of the project is \$3.2M and will be covered by maintenance reserve funds.

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.



Chair to motion for approval of all action items.

4. Report from Senior Vice President and CFO

- A. Reporting Structure of Related Foundations and VCIMCO
- B. VCU Investment Management Company Report - Nancy E presenting
- C. Annual Debt Report - draft is coming
- D. VCU Budget Update - included

Governance for Related Foundations and VCIMCO

Foundation/VCIMCO Governance

- The foundations and VCIMCO are separate 501 (C) (3) organizations with their own boards
- Annual financial statement audit is performed by an independent auditor for all organizations

Foundation Governance

- Foundations exist solely to benefit the university
- The President or his designee is a member of the foundation board; One member of the VCU Board is also a member of the foundation board
- 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

VCIMCO Governance

- VCIMCO board includes:
 - 2 appointees from the VCU Board, not necessarily VCU Board members
 - 2 appointees from the VCUHS Board
 - VCU President appoints one member who is the Chair
- 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

VCIMCO Update

Nancy Everett, Chief Investment Officer



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

Agenda

I. VCIMCO Update

II. Investment Update

VCIMCO AUM Update

VCIMCO AUM as of June 30, 2021

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

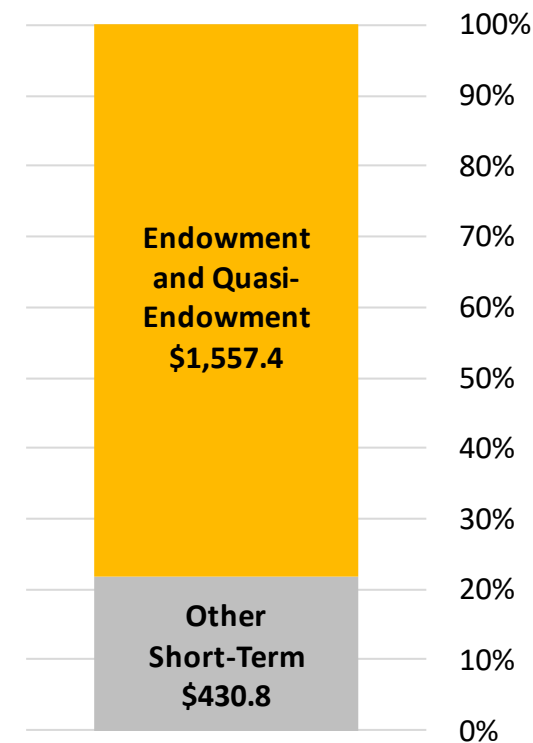
Endowment and Quasi-Endowment Assets

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.

Agenda

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
VCIMCO Funds	100.0%	10.19%	10.36%	13.03%	36.65%	12.91%	36.65%	6.73%
<i>Long-Term Policy Benchmark¹</i>		10.75%	11.02%	11.86%	27.21%	8.95%	27.21%	6.08%
Equity	69.7%	14.62%	14.99%	17.00%	49.96%	16.10%	49.96%	8.80%
<i>MSCI All Country World</i>		13.99%	14.61%	14.55%	39.26%	12.30%	39.26%	7.39%
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%
Credit and Absolute Return	18.0%	5.37%		7.46%	19.40%	10.15%	19.40%	2.97%
<i>Barclays US Corporate High Yield</i>		7.03%		7.44%	15.37%	3.62%	15.37%	2.74%
Real Assets	3.1%	-1.76%	-2.89%	-2.82%	15.99%	7.10%	15.99%	6.73%
<i>MSCI All Country World Real Estate</i>		6.83%	6.36%	7.73%	26.97%	14.88%	26.97%	8.36%
Treasuries	0.7%	0.60%	0.36%	1.66%	-2.49%	0.54%	-2.49%	-2.48%
<i>Barclays US Treasury</i>		2.13%	1.93%	3.96%	-1.18%	-1.14%	-1.18%	0.62%
Cash and Equivalents	8.4%							
VCU Long-Term Tier	100.0%	10.00%	10.17%	12.89%	36.28%	12.80%	36.28%	6.64%

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.

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

Q2 2021 Market Review

- 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.

University Debt Management Report as of June 30, 2021

How is Our Debt Managed?

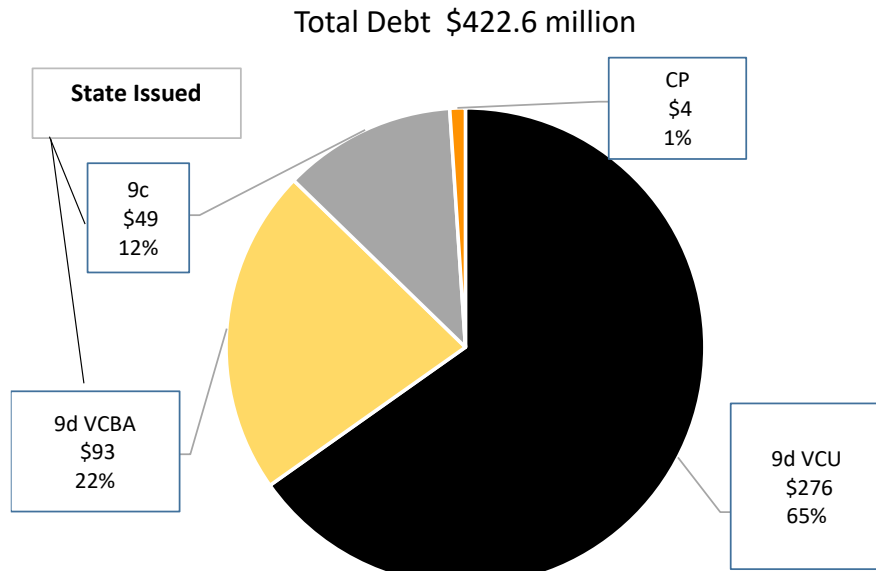
The Debt Management Policy was approved by the Board of Visitors on September 19, 2013. An administrative update was implemented in May 2021*. The following updates are provided to the Board:

	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) Mid-term may be constrained	
Tax-Exempt Debt Compliance (page 7)	
Rating Agency highlights and Peer Comparison (pages 8 - 10) Moody's desires University to improve Operating Cash Flow Margins	
Relationship Exposure (page 11)	

 No issue  Watching  Concern

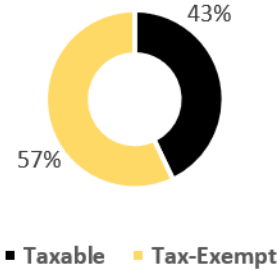
*Marked copy of changes in board materials

By the Numbers (June 30, 2021)

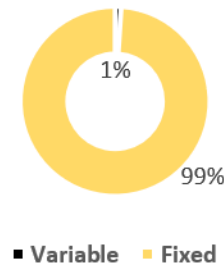


Note: 9c and 9d VCBA bonds are issued by the Commonwealth on behalf of VCU but debt service and debt liability borne by VCU directly

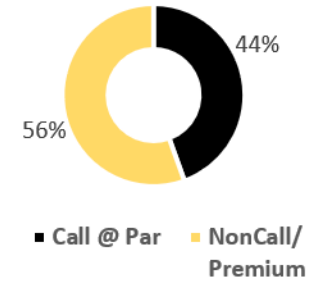
Taxable/Tax-Exempt



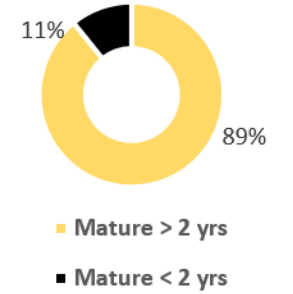
Variable/Fixed



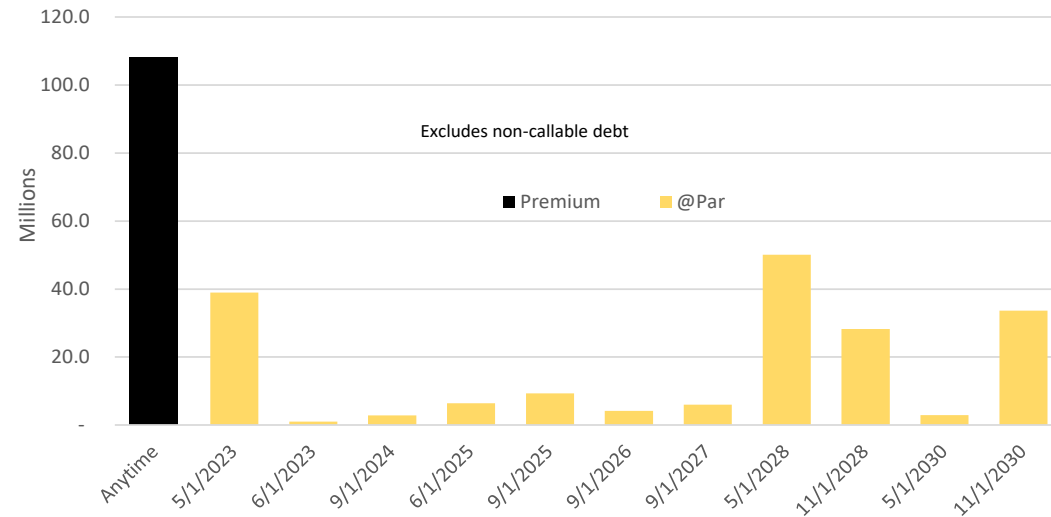
Callable



Committed



Call Schedule



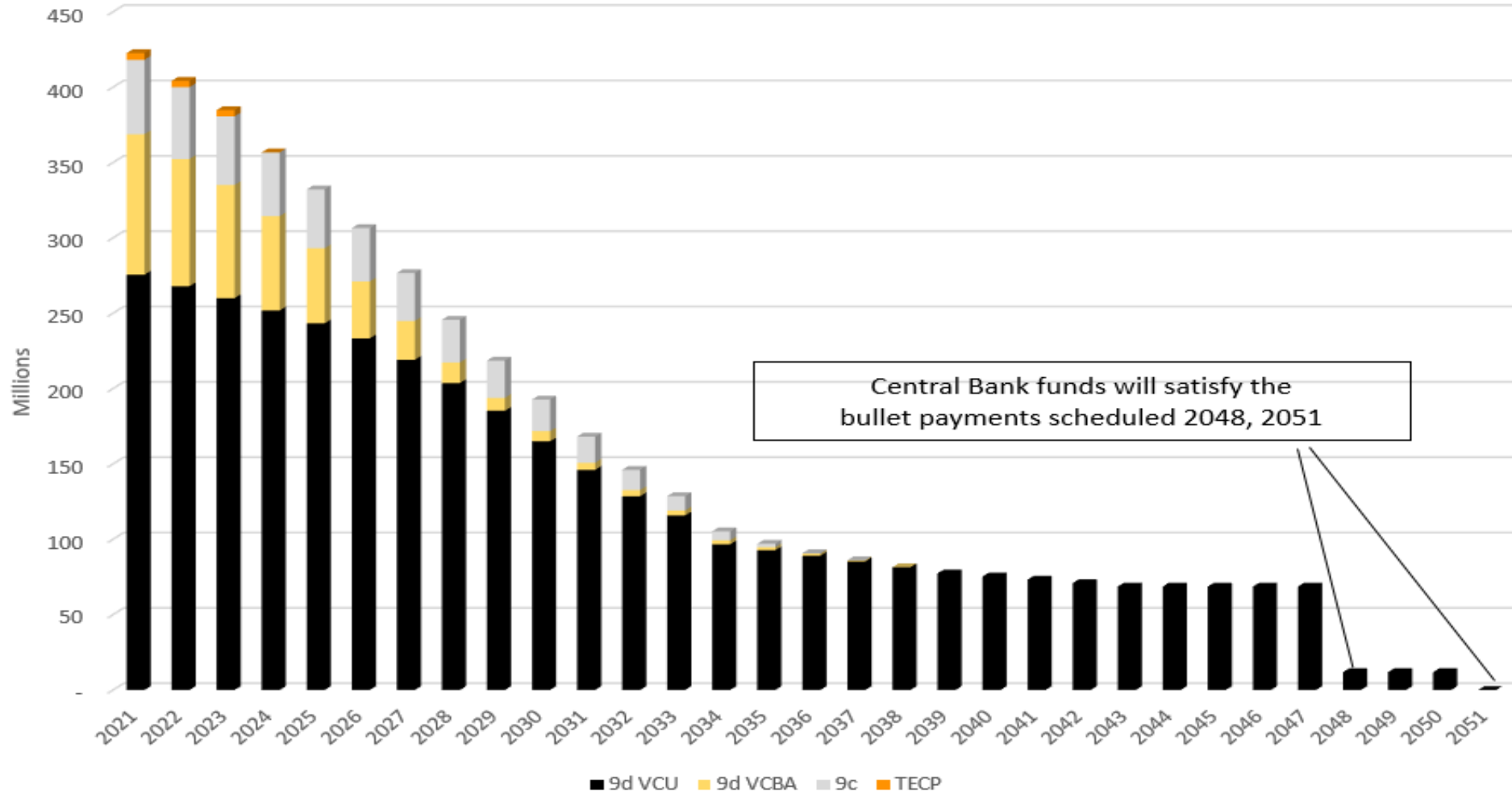
New Debt Issuance FY 2021

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

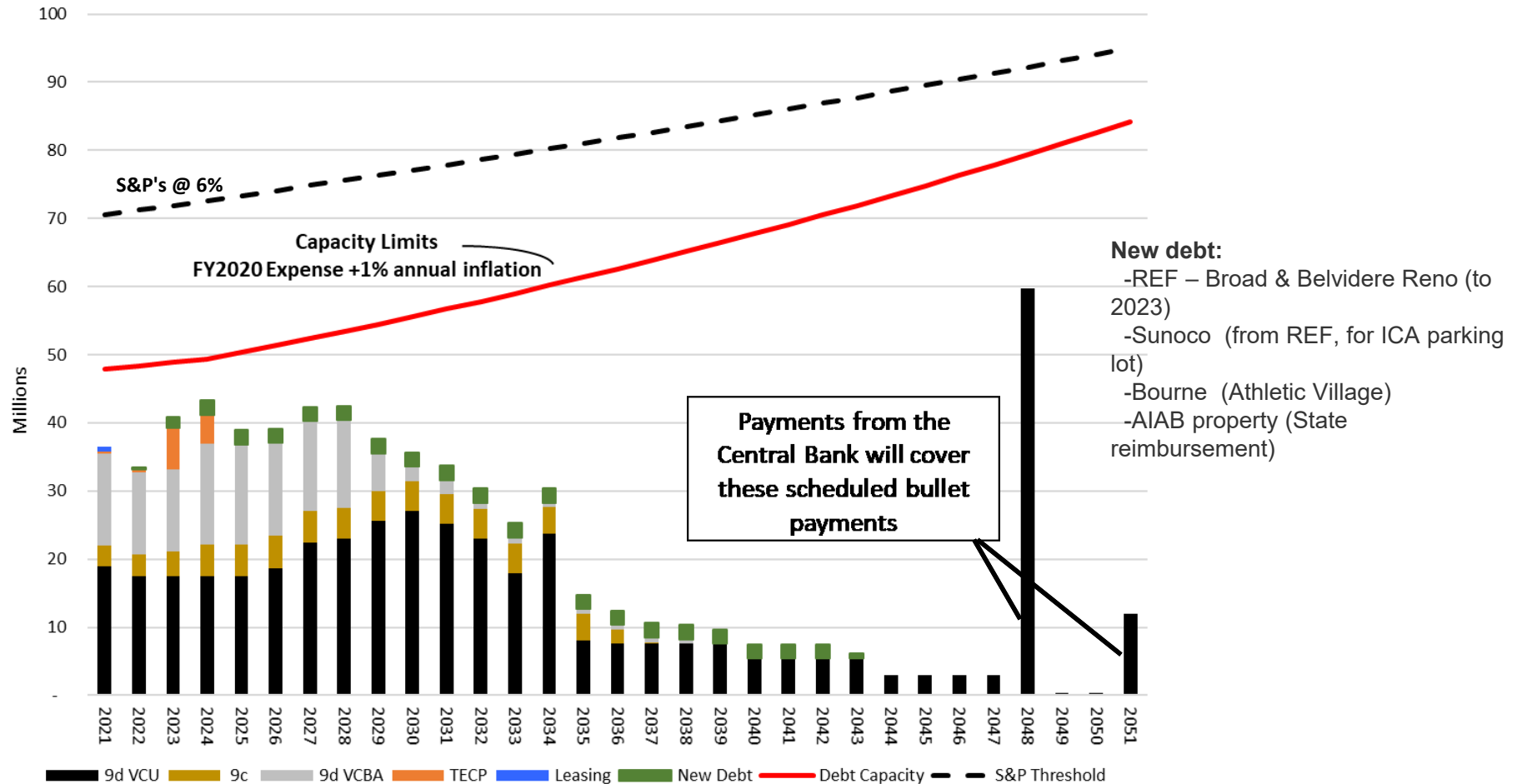
Repayment of Outstanding Principal
As of June 30, 2021



- 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 (4th 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

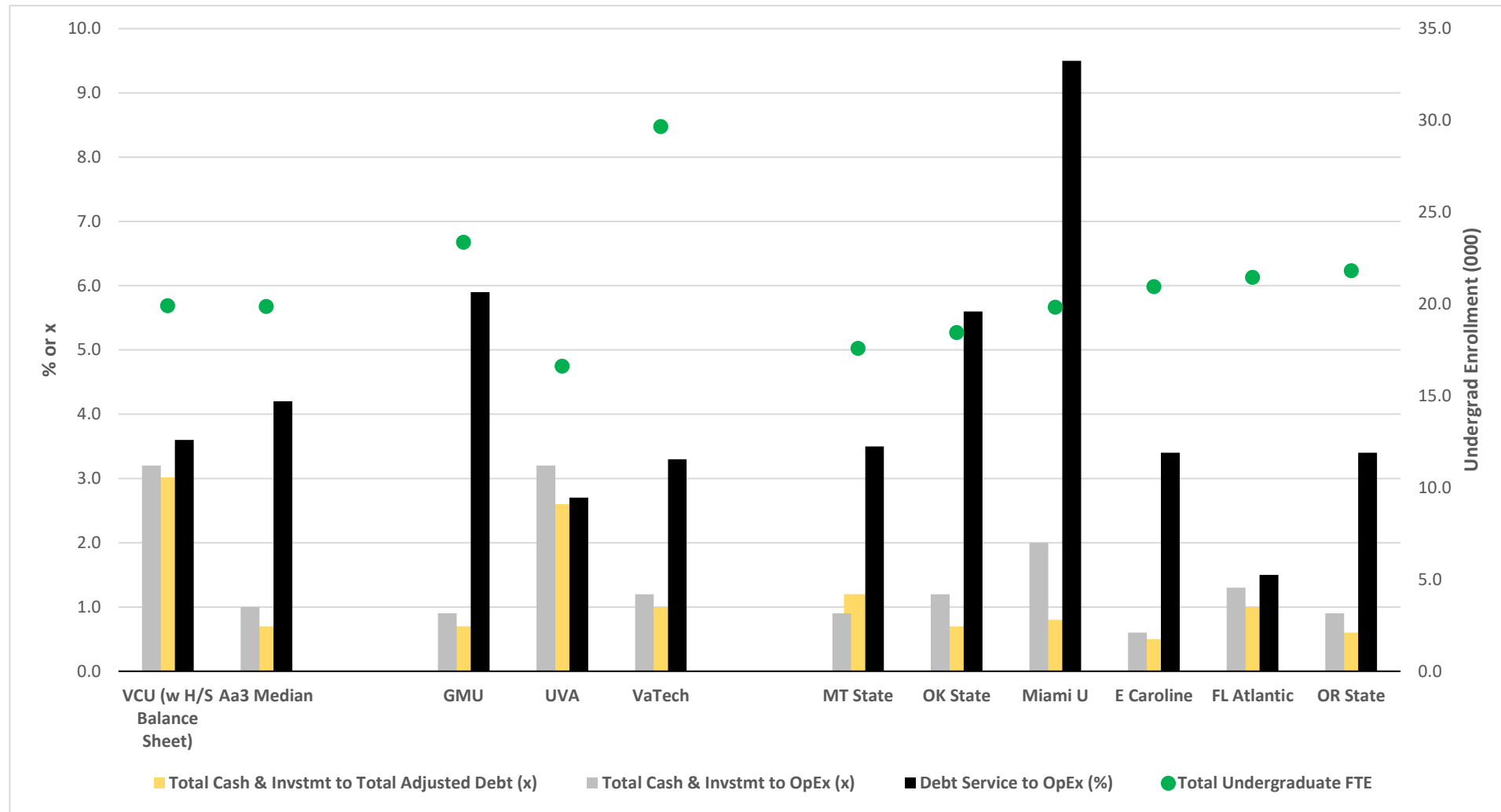
- Virginia Tier III peers (with a Moody's rating)

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 Securitie s	Capital One	JP Morgan	VCIMCO	Payden & Rygel	Mergans er	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

University Budget Update

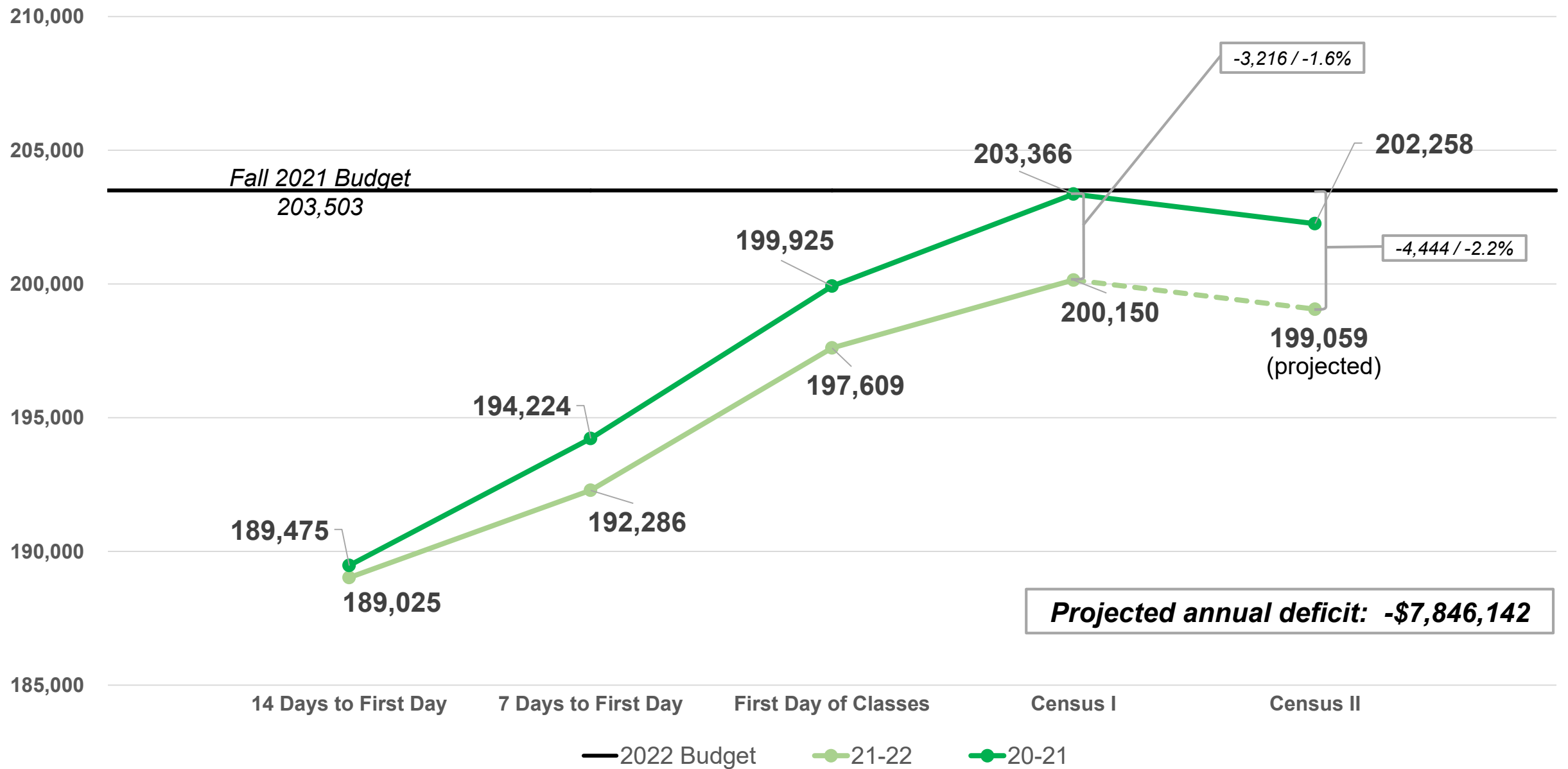
2021 Year in Review

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)
Total Fall and Spring	391,576,437	391,223,096	(353,342)
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
Total Summer	24,970,754	31,088,482	6,117,728
Total University	\$ 416,547,191	\$ 422,311,577	\$ 5,764,386

Total Projected Fall Tuition

In thousands



5. Facilities WAM Overview

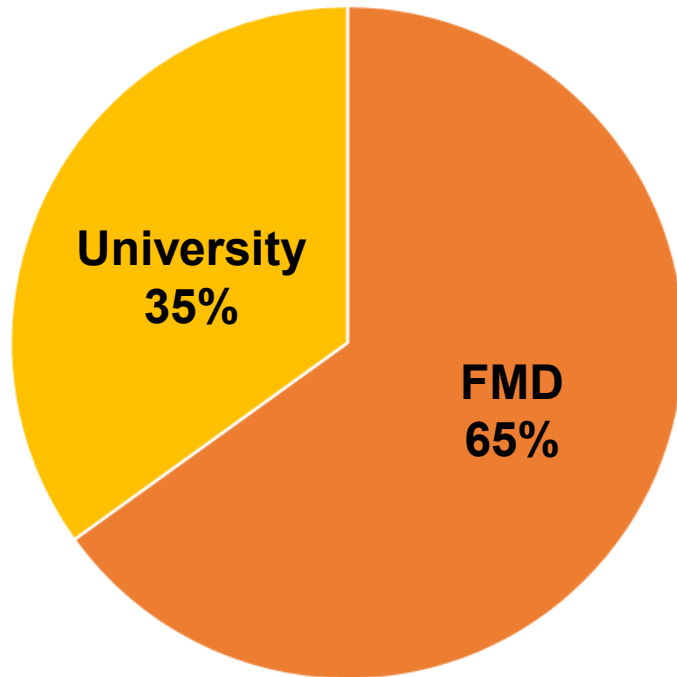


Facilities WAM Overview

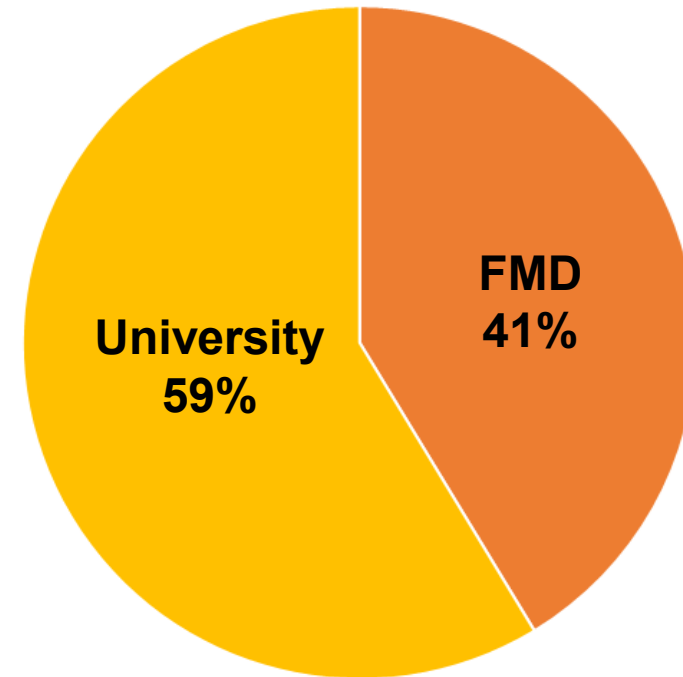
VCU Board of Visitors
September 2021

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

	STEM Building*	Engineering Research Building	College of Health Professions	Virginia Treatment Center for Children	Rice Rivers Center
Total spend SWAM	\$45.9M (48.9%)	\$45M (59.6%)	\$37.3M (57.8%)	\$31M (56.0%)	\$4M (70.5%)
Total spend Minority	\$4.6M (4.9%)	\$3.6M (4.8%)	\$6.9M (10.7%)	\$7.2M (13.1%)	\$65K (1.2%)
Total spend Woman	\$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**

<u>Total \$5.5M</u> 24.1% WAM	<u>Total \$4.0M</u> 19% WAM	<u>Total \$7.3M</u> 26.6% WAM	<u>Total \$8.8M</u> 21.3% WAM	<u>Total \$7.9M</u> 56% WAM
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	FY21	FY20	FY19	FY18	FY17
Total spend SWAM	\$5.3M (95%)	\$3.9M (98%)	\$5.6M (77%)	\$8.6M (98%)	\$7.3M (93%)
Total spend Minority	\$1.3M (24%)	\$760K (19%)	\$1.9M (25.7%)	\$1.8M (21%)	\$4.3M (55.3%)
Total spend Woman	\$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



6. Miscellaneous Reports – for information

- a. Sources and Uses of Funding
- b. Revenue and Expense Summary as of June 30, 2021
- c. VCU Health System Financial Operations
- 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

8. Adjournment



VCU

Tax-Exempt Debt Compliance

Policy Type: Board of Visitors

Responsible Office: Treasury Services

Initial Policy Approved: 02/09/2012

Current Revision Approved: TBD

Policy Statement and Purpose

This policy provides a framework for complying with federal laws and regulations relating to the issuance and post-issuance monitoring of tax-advantage or tax-exempt bonds (collectively, "tax-exempt"). The purpose of this policy is to identify the compliance areas of tax-exempt bond financing and define the university's policy to fulfill all requirements in these areas during both pre- and post-issuance processes. This policy provides guidance to university employees involved in tax-exempt financings or active in the facilities so financed in order to understand and carry out their roles in this compliance.

The university relies heavily on the tax-exempt bond market to finance a portion of the university's capital projects. The consequences of non-compliance can be severe and can include the retroactive loss of tax-exempt status, significant liability to the IRS or bondholders, reputational damage, and the inability to access the tax-exempt bond market in the future.

Accordingly, this policy addresses the following areas:

- ▮ Identification of applicable Internal Revenue Code provisions and Treasury rules and regulations relating to tax-exempt debt compliance (collectively, the "Tax Rules");
- ▮ Definition of the university's policy for complying with applicable rules and regulations to safeguard against violations that may result in penalty or the loss of the tax-exempt status of its bonds;
- ▮ Assignment of responsibility for tax-exempt bond compliance to specific departments to maintain continuity and ensure that sufficient information is routinely identified, maintained and shared as appropriate between departments; and,
- ▮ Identification of the university's continuing disclosure requirements and establish procedures for providing annual disclosure, "event disclosure" and voluntary disclosure through the Electronic Municipal Market Access ("EMMA") system.

Compliance with the policy ensures that (1) the proceeds of tax-exempt bonds are spent as required by

both the bond documents and the Tax Rules and (2) the buildings and equipment financed by tax-exempt bonds do not have impermissible amounts of third-party use. The bond documents and tax rules detail the requirements requiring the timely expenditure of bond proceeds the evaluation of investment "arbitrage" arising from the investment of bond proceeds prior to their expenditure and the limitations on third-party use.

The university recognizes compliance with Tax Rules is fluid. Accordingly, the policy requires on-going monitoring and will be reviewed periodically and modified as necessary by the Treasurer.

Oversight

VCU's Treasurer is responsible for administering and overseeing the day-to-day aspects of the program as well as supporting the Bond Compliance Community which consists of individuals from the following departments: Treasury Services, Facilities Management Division (FMD), the Controller's Office, Development and Alumni Relations, Contracts Team in Procurement Services, Capital Assets and Real Estate, University Relations and the Office of Research and Innovation. Additionally, individuals from any university department which occupies space financed with tax-exempt bonds will provide required compliance data. For pre- and post-issuance compliance requirements, this Bond Compliance Community shall provide information concerning any space currently or prospectively financed with tax-exempt bonds to ensure compliance with the applicable Tax Rules.

Noncompliance with this policy may result in disciplinary action up to and including termination. VCU supports an environment free from retaliation. Retaliation against any employee who brings forth a good faith concern, asks a clarifying question, or participates in an investigation is prohibited.

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Revision History.....	11
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Who Should Know This Policy

- Vice Presidents and other Senior Executives
 - Vice Provosts, Deans, Directors, and Department Heads
 - The Bond Compliance Community

Definitions

501(c)3 Bonds - federally tax-exempt bonds issued on behalf of a nonprofit organization, such as the Virginia Commonwealth University Real Estate Foundation, to finance a capital project or for other purposes permitted by the Internal Revenue Code.

Arbitrage - the investment gain made by investing the proceeds of tax-exempt bonds in higher yielding investments, often taxable investments.

Arbitrage Rebate Consultant – professional firm engaged to measure and verify arbitrage earned and rebate obligations under IRS Treasury rules in compliance with a specific tax-exempt debt issue.

Bad Use - use of tax-advantage financed facility by or for benefit of third-party entities which may include non-profit or for-profit entities, or the Federal Government. There are special rules relating to use for sponsored research. Management and development contracts with private parties also can create bad use.

Bond Compliance Community – VCU staff engaged in oversight and reporting of various aspects of tax-exempt bond compliance including, but not limited to, contracts with third parties, authorizations, validation and approval of expenditures, measurement of tax compliance, evaluation and reporting of third-party use.

Electronic Municipal Market Access System ("EMMA") – electronic repository of municipal bond data maintained by the Municipal Securities Rulemaking Board. EMMA serves as the official source for municipal securities disclosures and related market data in the United States. EMMA provides free on-line access to centralized new issue municipal securities disclosure documents (known as official statements), on-going continuing disclosures for all municipal securities and other required information for the benefit of and disclosure to investors.

Good Use also known as Government Use – use of tax-advantage financed facility exclusively by the university, a state or local governmental unit or the general public, or in the case of 501(c)(3) bonds, by a private charitable organization in connection with its charitable activities.

Governmental Unit or Person – State or municipal government or agency, including certain related entities, but excluding the federal government.

Government Bonds - bonds issued by a governmental entity, such as Virginia Commonwealth University, to support spending and obligations. These bonds can be taxable or tax-exempt.

Private Business Use – See “Bad Use”.

Tax-Advantage Bonds - Debt obligations which carry some form of tax “advantage” for the issuer or investor of the security. This policy will refer to Tax-Advantage Bonds as “Tax-Exempt Bonds”, which is most commonly used in financing markets. See “Tax-Exempt Bonds.”

Tax-Credit Bonds - Debt obligations where the bondholder may receive, in lieu of interest payments, a credit against federal income tax or the issuer can receive a subsidy towards the interest payment. This

policy will refer to Tax-Advantage Bonds as “Tax-Exempt Bonds”, which is most commonly used in financing markets. See “Tax-Exempt Bonds.”

Tax-Exempt Bonds - Debt obligations which carry a tax advantage for the investor as interest is excluded from gross income for federal income tax purposes. Such interest may or may not be exempt from state income or personal property taxation in the jurisdiction where issued or in other jurisdictions. Tax-Exempt Bonds may also include Tax-Advantage and Tax-Credit Bonds.

Tax Rules - applicable Internal Revenue Code provisions and Treasury rules and regulations relating to tax-exempt debt compliance.

Third-Party— any party other than a related governmental unit; The Commonwealth of Virginia and its agencies, including other institutions of higher education, are not third-party to Virginia Commonwealth University.

Contacts

The Office of Treasury Services within the Office of the Senior Vice President and Chief Financial Officer officially interprets this policy and is responsible for obtaining approval for any revisions as required by the policy Creating and Maintaining Policies and Procedures through the appropriate governance structures. Please direct policy questions to Treasury Services. Treasury Services is responsible for responding to inquiries by investors, rating agencies and other outside parties relating to the status of projects, the financial condition of the University and any other events that may affect investors. All such inquiries should be referred to the Treasurer.

Policy Specifics and Procedures

Pre-Issuance:

Tax-Exempt Bond compliance begins with the proper planning for debt issuances. While capital projects can be proposed and approved at any time, it is expected that the majority will be identified during the biennial updates to the University’s six-year capital plan which is approved by the Board of Visitors. Once senior management has recommended the project for debt issuance, the following authorizations are generally required to be in place prior to any debt issuance:

Authorization of Debt — All indebtedness incurred by the university, whether tax-exempt or taxable, must be authorized by the Board of Visitors.

Declaration of Intent to Borrow and Reimbursement Resolution— While the Tax Rules restrict the ability of the University to use bond proceeds to reimburse itself for costs incurred prior to the issuance of the Bonds, the university can in many circumstances preserve the right to reimburse itself for current expenditures with the proceeds of future bonds by passing a qualifying "reimbursement resolution" or adopting a qualifying expression of intent to reimburse. The Board of Visitors has authorized the Senior Vice President and CFO to take such action. In general, bond proceeds can be used for reimbursement for prior costs within 18 months after the project is "placed in service" but in no event later than three years after the date of the expenditures. The reimbursement clause applies to expenditures made up to 60 days

prior to the reimbursement resolution. There are exceptions for certain preliminary costs, such as architects' and engineering fees.

State Authorization – Legislative approval is required as well as approval by the Treasury Board in accordance with § 2.2-2416 of the Code of Virginia for any debt issued through a State authority. However, under the Management Agreement dated March 12, 2008 (as amended and renewed from time to time) between the Commonwealth of Virginia and the Board of Visitors of the Virginia Commonwealth University, the university has the authority to issue bonds, notes or other obligations that do not constitute state tax-supported debt with only the Board of Visitors' approval.

Legal Opinions – Legal counsel is required to provide a legal opinion on debt authorizations and the effect on the tax- exempt status of the debt being issued. For new bond issues, bond counsel opines on the validity and tax-exempt status of the bonds, while University counsel opines on due authorization of the bonds and compliance with existing bond documents and similar restrictions.

Tax Certificate – A Tax Certificate, also known as an Arbitrage Certificate, is required to properly document the validity and tax-exempt status of the financing and to identify compliance requirements with applicable laws and regulations during the time of issuance. This Certificate sets forth the university's expectations as to the use of bond proceeds and will be reviewed by an official familiar with the project being financed, the cost components and the schedule. For bonds issued by another entity for the benefit of the university (such as The Treasury Board for 9(c) Bonds or the Virginia College Building Authority for certain 9(d) Bonds), similar certificates are required. Review of the proposed use of the facility will also engage the future occupants as well as FMD to estimate bad use in consideration of issuing taxable bonds.

Treasury Services will manage the pre-issuance process including the drafting, review, and development of any needed resolutions, write-ups, financial feasibility studies or other materials.

Post Issuance:

For bonds to continue to qualify for tax-exempt status, the applicable detailed provisions in the Tax Rules must be satisfied. Accordingly, post-issuance debt compliance generally falls into the following categories:

- Expenditure and allocation of bond proceeds
- Investment of bond proceeds and payment of rebate, if any, to the U.S. Government
- Use of bond financed project (private use) and compliance with remedial action in case of a "change in use"
- Disclosure and other filing requirements
- Record retention, and
- Training.

If the potential to fail to comply with post issuance compliance activities is identified, the Treasurer will seek the advice of qualified bond counsel in order to assess the need to take remedial actions described under section 1.141-12 or 1.148 of the Income Tax Regulations or enter into a closing agreement under the Tax-Exempt Bonds Voluntary Closing Agreement Program described in Notice 2008-31.

Expenditure and Allocation of Bond Proceeds

Bond proceeds can only be used for eligible related project costs in accordance with applicable federal law and the restrictions of the bond documents. The spending of bond proceeds and related investment

earnings toward eligible project costs must be tracked to ensure they are used for qualified purposes. Bond proceeds are intended to be disbursed for the following expenditures:

- Project Costs
- Capitalized Interest
- Bond Issuance Costs

Under bond counsel direction, in certain circumstances bond proceeds may also be used for principal payments on the bonds.

FMD is responsible for verifying that bond proceeds are spent on qualified expenditures and maintaining related payment records. FMD will have the accounting documentation be made part of the permanent records for the particular bond transaction. At the conclusion of a project, Treasury Services will compile a final accounting, documenting the use of all bond proceeds, related investment earnings and equity by project. There are rules that permit a reallocation of use of bond proceeds if action is taken not later than 18 months after the later of the date of the expenditure or the date the project is placed in service. Bond counsel will be consulted regarding any planned reallocations. Treasury will maintain the final allocation records.

Spending Requirements and Arbitrage Rebate

There also are restrictions on the timing of the expenditure of bond proceeds. With few exceptions, proceeds must be spent within three years of bond issuance. If it appears that all proceeds will not be spent within a three-year period, bond counsel will be consulted.

The Tax Rules also require borrowers to calculate and pay or "rebate" to the U.S. Government any "excess arbitrage" earned on the investment of bond proceeds. Arbitrage compliance is governed by specific provisions of the Tax Rules in section 1.148. There are several "rebate exceptions" if bond proceeds are spent in accordance with the bond documents.

Excess arbitrage (as defined by the IRS) must be rebated to the federal government if certain spending benchmarks are not achieved in the two years after issuance of the bonds. As a general rule, the university will seek to finance projects when proceeds will be spent within two years, and attempt to meet the two-year spending rebate exception. The two-year spending exception requires that proceeds be spent as follows:

- 10% within 6 months of issue date;
- 45% within 12 months of issue date;
- 75% within 18 months of issue date;
- 100% (less "reasonable retainage") within 24 months of issue date.

Expenditures are to be reviewed between Treasury Services and FMD 30 days prior to the end of each six-month period to minimize the chance of forfeiting the rebate exception. The two-year exception applies only to transactions primarily to fund construction. Financings for non-construction typically have an 18-month exception with the following spending thresholds:

- 15% within 6 months of issue
- 60% within 12 months of issue
- 100% within 18 months of issue

Investment Proceeds

All tax-exempt bond proceeds will be invested in the Virginia State Non-Arbitrage Program ("SNAP"), unless approved in writing by the university's Senior Vice President and CFO. The Virginia Treasury Board sponsors the SNAP to provide comprehensive investment management, accounting and arbitrage calculation services for the proceeds of tax-exempt financings of Virginia governments.

Periodically, SNAP advises the University of the amount required to be spent to achieve the spenddown benchmark by each semi-annual deadline. The Treasurer will monitor the compliance with periodic spending exceptions and the investment of bond proceeds. In cases when a rebate is owed (as calculated by the Arbitrage Rebate Consultant), any resulting liability will be paid and properly reported on the applicable IRS form(s).

Private Business Use

Section 1.141 of the Tax Rules limit the amount of Private Business Use or the amount of private payment or "security." The university complies with these provisions by limiting Private Business Use rather than private payment or security.

Private Business Use is the direct or indirect use of a tax-exempt financed facility in a trade or business carried on by any person other than a governmental unit. Pursuant to the Private Business Use test, the tax-exempt status of a governmental-issued bond is jeopardized if more than 10% of the proceeds are used for Private Business Use.¹ Improper use of the bond financed facility is considered "bad use" of the proceeds of the bonds that financed the facility. Generally, most Private Business Use in a tax-exempt financed facility arises from the following types of arrangements:

- Ownership: A sale or transfer of ownership to a Non-Governmental Person (as defined by applicable tax law) of tax-exempt financed property. For 501(c) (3) bonds, no portion of the bond financed property can be owned by a private, for-profit entity.
- Leases: Any arrangement where the University leases a tax-exempt financed property to a Non-Governmental Person. Transactions that are not called lease transactions may be treated as a lease based on the level of control given to the Non-Governmental Person and whether the Non-Governmental Person bears the risk of loss.
- Management Contracts: A management contract is any arrangement whereby a Non-Governmental Person actively manages the operations of a facility. Management contracts include, for example, contracts for dining services (food courts), retail services, and facility management, or vivarium services (management of an animal facility). The basic rules for permitted management contracts are set forth in IRS Revenue Procedure 2017-13. As a general principle, the contract should not give the private party any of kind of profit sharing or "investment" in the undertaking, and the term of the contract is limited based on the type of compensation to the Non-Governmental Entity. All management contracts for bond-financed space should be reviewed by bond counsel.

¹ In the case of bonds that are "501(c)(3) bonds" rather than "governmental bonds," the maximum amount is 5% rather than 10%. While most bonds issued by the University are governmental bonds, bonds involving related foundations may be 501(c)(3) bonds.

- Sponsored Research Agreements: Certain research that is sponsored by a Non-Governmental Person (including the federal government and its agencies). The basic rules for determining when sponsored research is not considered "bad use" are set forth in IRS Revenue Procedure 2007-47. Generally, qualifying research agreements must be for "basic research" and the rights of the sponsor to the results of the research must comply with the stated rules.
- Other Actual or Beneficial Use: Any other arrangement that conveys special legal entitlements to a Non-Governmental Person for beneficial use of tax-exempt financed property, such as an arrangement that conveys priority rights to use a tax-exempt financed facility, will result in Private Business Use. Examples of such "special legal entitlements" include summer camps having the exclusive right to use an athletic facility, specially designed courses open only to one company, certain naming rights or use of a parking garage for a private event.

With the assistance of the Bond Compliance Community, Treasury Services will be responsible for ongoing private use monitoring.

Any contemplated change in a project's use that includes Private Business Use must be reported to the Treasurer prior to the implementation of the proposed change in use to ensure compliance with applicable regulations.

Tax and State Filings

The University is required to provide the following filings:

- Tax Forms – Tax-exempt debt obligation issuers are required to file the appropriate 8038 IRS forms (8038, 8038-G, 8038-T, and 8038-R) in accordance with applicable federal law and as needed.
- Statistics and filings required to be sent to the State for any debt issued through a State authority for the benefit of the University.
- Arbitrage Certificates – At the earlier of full expenditure of bond proceeds or within 60 days after each fifth anniversary of the debt issue with unspent bond proceeds, the University must calculate any arbitrage on the debt and make any required rebate payment until full expenditure of the bond proceeds is completed.

The Treasurer is responsible for ensuring that such filings are made.

Continuing Disclosure

In connection with the issuance of the Bonds the university has signed several, substantially identical Continuing Disclosure Agreements ("CDAs"). These disclosures are not required by the Tax Rules, but rather by a rule of the United States Securities and Exchange Commission ("SEC Rule 15c2-12") that mandates the University's bond underwriters obtain a CDA from the university in connection with sale of bonds to the public. The CDAs require the university to file certain annual financial and operating information with the Electronic Municipal Market Access System ("EMMA.") maintained by the Municipal Securities Rulemaking Board. EMMA permits investors to access certain operating results and information about the University's financial position. The CDAs also require the university make disclosures through EMMA about certain specified events ("event disclosure") such as bond defaults and rating changes and may be time sensitive in the requirement of those filings. Future CDAs for bond issues may require CDAs that require the filing of additional or different information.

The Treasurer is responsible for making all filings required by CDAs, and any events affecting such filings should be reported to Treasury Services. The Treasurer is responsible for responding to inquiries by investors, rating agencies and other outside parties relating to the status of projects, the financial condition of the University and any other events that may affect investors. All such inquiries should be referred to the Treasurer.

Record Retention

It is the university's policy to retain all records relating to tax-exempt bond financings for the entire term of the bond issue, or refinancing issue, plus three years. This policy supersedes any other documented retention policies at the University or the Commonwealth.

Generally, records refer to all documents, reports, accounts and certifications relating to the:

- Issuance of tax-exempt bonds
- Investment of bond proceeds
- Expenditure and allocation of bond proceeds
- Use of debt-financed property
- Disclosure and other filing requirements

Duties of the Bond Compliance Community

Due to the decentralized nature of the university, specific departments are responsible for the following:

Treasury Services – is responsible to maintain records relating to the issuance of the university's tax-exempt bonds (i.e., the bond transcripts and working documents), the investment of bond proceeds, the university's annual continuing disclosure filings, final allocation of bond proceeds, responses to the annual Private Business Use Monitoring Questionnaire and the resultant annual PBU Tracking Tool summary. A database of projects financed with tax-exempt bonds will be maintained by Treasury Services. Annually, a Private Use Monitoring Questionnaire will be completed by an individual representing each university department responsible for such spaces. Using these annual responses from the Bond Compliance Community, Treasury Services will maintain the official record of the university's total private business use, known as the PBU Tracking Tool. With the assistance as necessary from FMD, the Offices of Space Management, the Controller, Development and Alumni Relations, and Research and Innovation, Treasury Services will analyze questionnaire responses to: (i) determine whether taxable financing is appropriate for a particular capital project; (ii) identify impermissible Private Business Use in existing facilities to take corrective action; and (iii) collect information necessary for reporting purposes. If potentially impermissible Private Business Use is identified, the Treasurer will seek the advice of qualified bond counsel for remediation action.

Contracts Team (in Procurement Services) and Capital Assets and Real Estate (CARE) – are responsible for negotiating purchase contracts and real estate contracts, respectively, with third parties. The Contracts Team and CARE will work with Treasury Services and university departments to minimize contracts with private business by establishing terms under the allowable safe harbors, as possible. Notification of contracts which create PBU will be given by the Contracts Team or CARE to Treasury Services.

The Office of the Controller – is responsible to prepare and maintain the audited financial statements of the university, reports of any prior IRS examinations of VCU or bond financings, and the annual tax filings of the University including relevant foundation filings (including the Form 990).

The Facilities Management Division – is responsible to maintain records on the expenditure and allocation of bond proceeds including construction contracts, vendor invoices, payments and requisitions.

Development and Alumni Relations – is responsible for naming rights compliance and documentation of philanthropic purpose of gifts.

The Office of Research and Innovation – is responsible to maintain records relating to Sponsored Research Agreements (including the agreements themselves), collect information from departments and units on which building(s) the research takes place, flag such Sponsored Research Agreements as are likely to give rise to private business use, and provide Treasury Services with an annual report including awards, buildings and potential private business flags. .

Space Management – is responsible to maintain square footage, gross and assignable, on all tax-exempt financed facilities and to be available to visit facilities and evaluate usable space.

The Office of University Counsel – is responsible to seek the appointment of qualified outside bond counsel, as necessary, as well as to opine on authorization of the bonds and compliance with University authorization, existing bond documents and similar restrictions.

University Personnel in Departments Responsible for Tax-Exempt Financed Space – are responsible to respond to the annual Private Business Use Monitoring Questionnaires, disclose any outside third-party ownership, leases or similar use, other outside actual or beneficial use, service contracts or use, parking use or agreements, and provide any and all such agreements to Treasury Services as required by the annual Private Business Use Monitoring Questionnaires.

Training

Treasury Services is responsible to develop and update training materials and to provide training for employees in the individual university departments impacted by this policy. These materials are provided to required staff engaged in private business use tracking as needed.

Forms

There are no forms associated with this policy and procedures.

Related Documents

1. [VCU Debt Management Policy](#)
2. [VCU Policy for Sale of Goods and Services](#)
3. [VCU Maps of Tax-Exempt Financed Facilities](#)
4. [Treasury Board of the Commonwealth of Virginia: Post Issuance Compliance Policy for Tax-Exempt Qualified Obligations](#)
5. IRS [Publication 4077](#) – Tax-Exempt Bonds for 501(c)3 Charitable Organizations
6. IRS [Publication 4079](#) - Tax-Exempt Governmental Bonds Compliance Guide
7. VCU Private Use Monitoring Questionnaire

8. KPMG’s “VCU Private Business Use Study” training materials (internal distribution only)
9. KPMG’s “VCU Tax-Exempt Financing Private Business Use Final Assessment Report”, dated January 18, 2018 (internal distribution only)
10. US Code: Title 26, Sections 103, 141, 145, 147, 148, 149, and 150
11. IRS Revenue Procedure 2017-13
12. IRS Revenue Procedure 2007-47
13. IRS Revenue Procedure 2014-67
14. IRS Revenue Procedure 2016-44, 2016-36 IRB 316

Updates or revisions to the Tax Rules and Revenue Procedures will be automatically incorporated to this policy as implemented by the IRS even without detailed listing above

Revision History

This policy supersedes the following archived policies:

February 9, 2012, New Policy	<i>VCU Tax-Exempt Debt Compliance Policy</i>
October 21, 2014	<i>Tax-Exempt Debt Compliance Policy</i>
<i>TBD</i>	<i>Tax-Exempt Debt Compliance</i>

FAQs

There are no FAQs associated with this policy and procedures.



Investment and Liquidity

Policy Type: Board of Visitors

Responsible Office: Treasury Services, Office of the Senior Vice President and Chief Financial Officer

Initial Policy Approved: 05/15/2009

Prior Revision Approved: 03/22/2017

Current Revision Approved: tbd

Policy Statement and Purpose

The purpose of this Investment and Liquidity Policy is to define the financial goals, objectives, and legal limitations for the investment and management of Virginia Commonwealth University's funds and to articulate the responsibilities of the University, its investment managers, and its investment advisors, including performance measures and reporting requirements. This policy is subject to (a) applicable federal and state laws, rules and regulations, (b) resolutions and policies of the Board of Visitors or the Board's designated Committee, and (c) restrictions imposed by donors, funding agencies or deeds of trust. Nothing in this policy should be construed to authorize activities that violate any of the above.

This policy sets forth the parameters to be followed to maintain operating liquidity and invest university funds. The policy sets forth detailed asset strategies, permitted and prohibited investment options, and benchmarks for performance for operating, reserve and endowment funds. It also provides requirements of investment managers, and how investments managers should be monitored.

The University, by consultation with the Board of Visitors (the "Board") or designated Committee, has the following responsibilities:

1. To comply with the Board's asset allocation, diversification and quality guidelines for investment of funds as detailed in this policy;
2. To utilize approved qualified investment advisors, investment managers and consultants and to facilitate communication from these entities to the Board;
3. To ensure that the current spending requirements of the university are supported and the university's daily cash flow demands are met;
4. To monitor and evaluate investment results and communicate the results to the Board or its designated committee; and
5. To ensure liquidity for operational purposes is achieved.

It is the policy of the University to invest its funds solely in the interest of the University and in a manner that will provide the highest investment return within the specified risk tolerance, and to ensure the university’s operating funds meet daily cash flow demands. In the investment of its funds, the University will conform to applicable federal and state laws and other legal requirements, including, but not limited to:

- that certain Management Agreement dated March 12, 2008 (as amended and renewed from time to time) between the Commonwealth of Virginia and the Board of Visitors (the “Board”) of the Virginia Commonwealth University, in order to provide the university flexibility to manage cash and investments, on its own behalf, under the State’s Restructured Higher Education Financial and Administrative Operations Act of 2005 including Exhibit F, Policy Governing Financial Operations and Management, thereto);
- the Security for Public Deposits Act, Chapter 44 (§ 2.2-4400 et seq.) of Title 2.2 of the Code of Virginia, as amended;
- the Investment of Public Funds Act, Chapter 45 (§ 2.2-4500 et seq.) of Title 2.2 of the Code of Virginia, as amended;
- the Uniform Prudent Management of Institutional Funds Act, Chapter 11 (§ 64.2-1100 et seq.) of Title 64.2 of the Code of Virginia, as amended; and
- § 23.1-2306 of the Code of Virginia, as amended, concerning the University’s investment of endowment funds, endowment income, and gifts.

The University shall maintain operating cash in accordance with this policy and with the Investment of funds in deposits as stipulated in § 2.2-4400 of the Code of Virginia, the Investment of Public Funds Act. The University shall invest its operating funds and operating reserves in accordance with this Act. Gifts, local funds, and non-general fund reserves and balances may be invested in accordance with the Uniform Prudent Management of Institutional Funds Act.

In the pursuit of its investment objectives, the University may engage the services of one or more investment advisors (each, an “Investment Advisor”) who, if authorized, may select investment managers (each, an “Investment Manager”) for the assets. All Investment Advisors and Investment Managers appointed by the university must agree to invest the university’s funds in accordance with this policy.

Noncompliance with this policy may result in disciplinary action up to and including termination. VCU supports an environment free from retaliation. Retaliation against any employee who brings forth a good faith concern, asks a clarifying question, or participates in an investigation is prohibited.

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Who Should Know This Policy

- The Board of Visitors;
- The Investment Advisor;
- Investment Managers;
- The Senior Vice President and Chief Financial Officer;
- The Treasurer; and
- Administrative staff involved in the appointment of Investment Advisors or Investment Managers.

Definitions

Asset-Backed Securities (ABS)

Financial investment collateralized by a pool of receivables, including but not limited to loans/leases on automobiles, equipment, credit cards and device payment plans

Central Bank

Internal management of funds to provide lending services for operating units.

Commercial Mortgage-Backed Securities (CMBS)

Fixed-income securities that are backed by mortgages on commercial and multifamily properties rather than residential real estate.

Commercial Paper

Commonly used type of unsecured, short-term debt instrument issued by corporations, typically used for the financing of payroll, accounts payable and inventories, and meeting other short-term liabilities.

Maturities can range from overnight to 397 days but are rarely longer than 270 days. Commercial paper is usually issued at a discount from face value and reflects prevailing market interest rates.

Distribution (for an endowment)

Based on presumptive guidance from a formula that is intended to provide budgetary stability by smoothing the impact of annual investment gains and losses. The formula's inputs reflect expectations about long-term returns and inflation rates.

Duration

Measure of a bond's sensitivity to changes in the interest rate. This is the time weighted present value of the cash flows from a bond. This is not "maturity" (see "Maturity").

Endowment

Invested funds, typically received from a donor to generate earnings for two purposes: (a) distribution for use (see "Spending Policy") and (b) growth in the remaining balance to preserve purchasing power and continue ongoing and permanent distributions. Typical endowment terms permit the expenditure of income but not principal, or limit on the percentage or amount of the fund that can be spent in any year.

Illiquid Assets

Drawdown private investment vehicles with a fixed fund life in excess of 7 years.

Intermediate-Term

A time horizon over 3 years to 10 years

Liquidity

The time within which an asset or security can be converted into ready cash without affecting its market price. The most liquid asset of all is cash itself.

Long-Term

A time horizon greater than 10 years.

Maturity

Defined point in time at which a financial instrument will legally cease to exist and the principal is repaid with interest.

Mortgage-Backed Securities (MBS)

Financial investment collateralized by an underlying pool of mortgages.

Negotiable certificate of deposit

A certificate of deposit (CD) with a minimum face value of \$100,000, though typically \$1 million or more. They are guaranteed by the issuing bank and can usually be sold in a highly liquid secondary market, but they cannot be cashed in before maturity. Also known as a jumbo CD.

Non-negotiable Certificates of Deposit

Investments between an investor and a financial institution. Unlike negotiable CDs, non-negotiable CDs cannot be transferred, sold, bought, or exchanged.

Quasi Endowment

Funds functioning as endowments which are typically used to report resources that the University, rather

than a donor, has determined are to be retained and managed like an endowment. Principal and income of these funds may be utilized at the discretion of the University.

Residential Mortgage-Backed Securities (RMBS)

Financial investment collateralized by an underlying pool of residential mortgages.

Rule 144A

A legal provision amending restrictions placed on trades of privately placed securities. This safe harbor loosens restrictions on qualified institutional buyers which were set forth by Rule 144 under Section 5 of the Securities Act of 1933 required for sales of securities by the Securities and Exchange Commission (SEC).

Short-Term

A time horizon under 3 years.

Sinking Fund

Funds set aside to pay off a debt or bond. Sinking funds are periodic payments of principal and interest that pay off the debt on a predetermined basis. The payments reduce the debt burden of a company over time.

Contacts

The Office of Treasury Services officially interprets this policy and is responsible for obtaining approval for any revisions as required by the policy *Creating and Maintaining Policies and Procedures* through the appropriate governance structures. Please direct policy questions to the Office of Treasury Operations, attention Treasurer.

Policy Specifics and Procedures

1. Financial Objectives and Standard of Care

The university maintains cash for operating purposes. As public and non-public funds may be initially indistinguishable, the university will treat all deposits as subject to Virginia Security for Public Deposits Act, Chapter 44 (§ 2.2-4400 et seq.) of Title 2.2 of the Code of Virginia, as amended, which, among other things, restricts deposits to FDIC insured limits or with institutions qualified by the Virginia Treasury Board to accept public deposits. These funds will be the first source of liquidity for the University and must remain immediately accessible. The Treasurer will strive to minimize uninvested cash balances for regular operating purposes.

The University's investment funds are split between two tiers, a Short-Term Tier and a Long-Term Tier. Each Tier has financial objectives, structure, and investment guidelines. Investment activities for both Tiers shall be guided by the appropriate objectives. The objectives will be defined in the relevant sections below.

The Short-Term Tier consists of the University's operating funds and operating reserves and shall be invested in accordance with the Investment of Public Funds Act.

The Long-Term Tier consists of gifts, local funds, and non-general fund reserves and balances that are endowments or have been designated by the Board to be treated as endowment (“quasi-endowments”) or as part of the Central Bank. The Long-Term Tier shall be invested in accordance with the Uniform Prudent Management of Institutional Funds Act.

Investments made in sinking funds or with proceeds from tax-exempt borrowings are subject to other restrictions and are not included as “investments” in this policy.

All investments shall be made with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

2. Short-Term Tier

A. Fund Structure and Financial Objectives

The Short-Term Tier will be divided into two funds: the Primary Liquidity Fund and the Extended Duration Fund. As components of the Short-Term Tier, both the Primary Liquidity Fund and the Extended Duration Fund shall be invested in compliance with the Investment of Public Funds Act.

Primary Liquidity Fund: The Primary Liquidity Fund will be the first source of liquidity for the University (in concert with the University’s bank deposits). These funds must be readily available to meet the University’s operating needs, and as such, a portion of this fund shall be continuously invested in short-term investments such as money market mutual funds, bank deposits, or overnight repurchase agreements to ensure funds are readily available for the University’s obligations. Safety and liquidity are the primary objectives of this fund.

Extended Duration Fund: The remaining Short-Term Tier funds, collectively known as the Extended Duration Fund, will be a secondary source of liquidity for the University. These funds do not need to be continuously available to meet the University’s operating needs but may be called upon at some point during the University’s annual operating cycle. As such, they shall be invested in short- and intermediate-term investments. Preservation of capital and return are the primary objectives of this fund.

Both funds of the Short-Term Tier will consist of funds managed by external Investment Managers. Each fund and respective Investment Manager will have a specific mandate and related restrictions.

B. Investment Managers Under the Senior Vice President’s Purview

The Board delegates the management and investment of the Short-Term Tier to the senior vice president and chief financial officer (SVP & CFO), including the selection, hiring, monitoring, and termination of Short-Term Tier Investment Managers. The SVP & CFO in turn may delegate these responsibilities to an Investment Advisor, including the selection, hiring, monitoring, and termination of Short-Term Tier Investment Managers. Only firms meeting the requirements of the **Investment Manager Requirements for the Short-Term Tier** section below may serve as Short-Term Tier Investment Managers, and on an ongoing basis, Short-Term Tier Investment Managers must

comply with the duties outlined in both the **Monitoring and Reporting for the Short-Term Tier** and the **Investment Manager Requirements for the Short-Term Tier** sections below.

The SVP & CFO and the Investment Advisor shall act in good faith, and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, in (a) selecting Investment Managers; and (b) monitoring the Investment Manager's performance and compliance with the scope and terms of this delegation.

C. Authorized Investments

Authorized investments for qualified public entities are set forth in the Investment of Public Funds Act of the *Code of Virginia* in § 2.2-4500 et seq. A qualified public entity is defined as any state agency having an internal or external public funds manager with professional investment management capabilities. The Investment of Public Funds Act authorizes qualified public entities to invest Short-Term Tier funds in the following securities:

1. *Treasury and Agency Securities*: Obligations issued or guaranteed by the U.S. Government, an agency thereof, or U.S. Government sponsored enterprises. This includes Agency Mortgage-Backed Securities. These securities can be held directly, in the form of repurchase agreements collateralized by such debt securities or in the form of registered money market or mutual funds provided that the portfolio is limited to such evidences of indebtedness (§ 2.2-4501.2).
2. *Non-Negotiable Certificate of Deposits and Time Deposits*: Non-negotiable certificates of deposit and time deposits of Virginia banks and savings institutions federally insured to the maximum extent possible and collateralized under the Virginia Security of Public Deposits Act, § 2.2-4400 et seq. of the *Code of Virginia*, and having a maturity not greater than five years.
3. *Negotiable CD's and Bank Deposit Notes*: Negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with a rating of at least two of the following: (a) for maturities of one year or less, A-1 by Standard & Poor's, P-1 by Moody's Investors Service or F1 by Fitch Ratings, Inc.; (b) for maturities over one year and not exceeding five years, a rating of at least AA by Standard & Poor's, at least Aa by Moody's Investors Service, or at least AA by Fitch Ratings, Inc. (§ 2.2-4509). This includes all levels of the "AA/Aa/AA" rating.
4. *Repurchase Agreements*: Repurchase Agreements collateralized by securities of the U.S. Treasury, an agency thereof, or U.S. Government sponsored enterprises (§ 2.2-4507). The collateral on overnight or one day repurchase agreements is required to be at least 100% of the value of the repurchase agreement. Longer-term repurchase agreements are required to have collateralization in excess of 100% and be marked-to-market on a daily basis.
5. *Banker's Acceptances*: Banker's Acceptances with major domestic banks and domestic offices of foreign banks (§ 2.2-4504) rated not lower than A-1 by Standard & Poor's and P-1 by Moody's Investors Service.
6. *Commercial Paper*: Prime quality commercial paper issued by domestic corporations.

“Prime quality” shall be as rated by at least two of the following: A-1 by Standard & Poor’s, P-1 by Moody’s Investors Service, or F-1 by Fitch Investor’s Services or by their respective corporate successors, provided that at the time of any such investment the corporation meets the criteria specified in the *Code of Virginia* § 2.2-4502.

7. Money Market and Other Mutual Funds: Money market and other open-end investment funds provided that they are registered under the Securities Act of the Commonwealth of Virginia (§ 13.1-501) or by the Federal Investment Company Act of 1940, and that the investments by such funds are restricted to investments otherwise permitted by qualified public entities within the Commonwealth of Virginia (§ 2.2-4508).

8. Corporate Debt: Corporate notes and bonds having a credit rating of at least A3/A- or equivalent by two nationally recognized rating agencies, one of which must be either Standard & Poor’s or Moody’s Investors Service. This includes all levels of the “A” rating (§ 2.2-4510.B).

9. Municipal Securities: Taxable and tax-exempt municipal securities of the following provided that at the time of any such investment the municipal security meets the criteria specified in § 2.2-4501 of the *Code of Virginia*, including: (i) of any state of the United States, (ii) of any county, city, town, district, authority or other public body of the Commonwealth of Virginia, (iii) of any city, county, town or district situated in any one of the states of the United States provided that they are the direct legal obligations of the city, county, town, or district and the city, county, town, or district has power to levy taxes on the taxable real property therein for the payment of such obligations without limitation of rate or amount. (§ 2.2-4501) The municipal securities must be rated at least A3/A- or equivalent by two nationally recognized rating agencies, one of which must be either Standard & Poor’s or Moody’s Investors Service. This includes all levels of the “A” rating.

10. Asset-Backed and Mortgage-Backed Securities: Asset-backed and Non-Agency mortgage-backed securities with a duration of no more than five years and rated no less than AAA/Aaa by at least two nationally recognized rating agencies, one of which must be either Standard & Poor’s, Moody’s Investors Service or Fitch Ratings, Inc. (§ 2.2-4511). Authorized mortgage-backed investments include Commercial Mortgage-Backed Securities (CMBS), Non-Agency (private label) Mortgage-Backed Securities (MBS & RMBS) including pass-throughs, and Collateralized Mortgage Obligations (CMOs).

11. International Bank for Reconstruction and Development, Asian Development Bank, and African Development Bank Obligations (§ 2.2-4501): Dollar-denominated bonds and other obligations issued, guaranteed or assumed by the International Bank for Reconstruction and Development, by the Asian Development Bank, or by the African Development Bank having a maturity of no longer than five years and a credit rating of at least AAA by Standard & Poor’s and Aaa by Moody’s Investors Service.

Should a security be downgraded to a level that ceases to meet the credit quality guidelines above, the Investment Manager shall notify the Treasurer of the University in writing within one business day of the downgrade. Unless the SVP & CFO authorizes the retention of any such downgraded security in writing, such security must be sold within 30 calendar days.

D. Prohibited Investments or Actions

Investment securities not specifically authorized above are prohibited. For further clarification, the following securities are explicitly prohibited:

1. Inverse floaters, Credit Default Swaps (CDSs), Collateralized Debt Obligations (CDOs), Collateralized Loan Obligations (CLOs), and Interest Only (IO), Principal Only (PO) and Z-tranche securities.
2. Futures, options, options on futures, margin buying, leveraging and commodities. Forward trades are permitted as long as they are procured during normal “when issued” periods for individual markets and as long as cash is reserved or a security will mature to cover the purchase at the time of settlement.
3. Securities with the ability to defer interest and securities with the ability to convert to perpetual maturities.
4. Subordinated and convertible debt securities.

E. Asset Allocation Parameters and Short-Term Tier Constraints

Asset Allocation

The Primary Liquidity Fund is intended to provide for the day-to-day working capital requirements of the University in conjunction with the cash in bank balances, with the remaining balance of the Short-Term Tier being invested in the Extended Duration Fund.

Duration and Maturity Limitations

The maximum maturity may not exceed five years on any single non-negotiable certificate of deposit or time deposit of Virginia banks, negotiable certificate of deposit or bank deposit note. For any single asset-backed or mortgage-backed security, the maximum duration may not exceed five years at the time of purchase; in the event the duration subsequently exceeds this limit, the external Investment Manager shall notify the Treasurer of the University in writing within one business day, and the University, in consultation with the Investment Manager, shall decide the appropriate action.

The target duration for the Primary Liquidity Fund and Extended Duration Fund are as follows:

Target Duration	
Primary Liquidity Fund	9 months or less
Extended Duration Fund	
Short Duration Portfolio	Per Applicable Benchmark
Intermediate Duration Portfolio	Per Applicable Benchmark
Long Duration Portfolio	Per Applicable Benchmark

Primary Liquidity Fund and Extended Duration Fund Investment Managers' maximum duration is limited to +10% of the Target Duration or the Applicable Benchmark duration. For purposes of this section, duration shall be defined as the industry standard effective duration as calculated by

Bloomberg or other well-established models available. In addition, for purposes of asset-backed securities and mortgage-backed securities, the prepayment assumptions to be used in the effective duration calculation will be the Bloomberg median prepayment assumptions or other well-established models available. In the absence of a median prepayment assumption available in Bloomberg, the assumption to be used shall be that which provides the greatest principal protection to the portfolio.

F. Performance Measures

In accordance with the performance measures by which the State Council of Higher Education for Virginia measures investment performance as published annually in the Commonwealth of Virginia’s Appropriations Act, the University should achieve a three-year average rate of return at least equal to the iMoney.net money market index fund.

Investment Managers should produce returns commensurate with the following benchmarks:

Fund	Fund Benchmark(s)
Primary Liquidity Fund	iMoney.net Money Market Index
Extended Duration Fund	
Short Duration Portfolio	Bank of America Merrill Lynch (BofAML) 1-3 Year US Treasury Index, BofAML 1-3 year Govt/Corp Index, Barclays 1-3 Year Government Bond Index, or other benchmark(s) that more appropriately reflects the Investment Manager(s) style within this portfolio.
Intermediate Duration Portfolio	Barclays US Treasury Intermediate Index, Barclays US Intermediate Government Index, Barclays US Intermediate Gov/Credit Bond Index, or other benchmark(s) that more appropriately reflects the Investment Manager(s) style within this portfolio.
Long Duration Portfolio	Barclays US Aggregate Treasury Index, Barclays U.S. Aggregate Government Index, Barclays US Aggregate Bond Index, or other benchmark(s) that more appropriately reflects the Investment Manager(s) style within this portfolio.

Diversification

Each individual portfolio within the Primary Liquidity Fund and the Extended Duration Fund will be diversified with no more than 3% of the value of the respective portfolios invested in the securities or individual trusts of any single issuer. This limitation shall not apply to the U.S. Government, an agency thereof, or U.S. Government sponsored enterprises, securities fully insured and/or fully guaranteed by the U.S. Government, or money market funds.

At the time of purchase, the maximum percentage in each eligible security type for the Primary Liquidity Fund and the Extended Duration Fund shall be maintained as follows:

Authorized Investments	Primary Liquidity Fund	Extended Duration Fund
U.S. Treasury and Agency Securities	100%	100%
Agency Mortgage-Backed Securities	0%	50%
Asset-Backed Securities	0%	50%
Banker's Acceptances	40%	0%
Certificates of Deposit (CDs) (Negotiable) and/or Negotiable Bank Deposit Notes	20%	20%
Certificates of Deposit (CDs) (Non-Negotiable)	5%	0%
Collateralized Mortgage Obligations, Agency	0%	10%
Commercial Mortgage-Backed Securities	0%	20%
Commercial Paper	35%	0%
Corporate Notes/Bonds	25%	40%
International Development Bank Obligations, Asian Development Bank, and African Development Bank Obligations	0%	5%
Money Market Funds	35%	10%
Municipal Securities	10%	10%
Repurchase Agreements, Overnight/Open, Non-Treasury/Non-Agency	50%	0%
Repurchase Agreements, Overnight/Open, Treasury/Agency	100%	0%
Repurchase Agreements, Term	20%	0%
Residential Mortgage-Backed Securities, Private Label (including CMOs)	0%	5%
Combined 144A Securities of allowed investments	20%	20%
Combined Agency Mortgage-Backed Securities, Agency/Private Collateralized Mortgage Obligations, Commercial Mortgage-Backed Securities, Residential Mortgage-Backed Securities	0%	50%

G. Monitoring and Reporting for the Short-Term Tier

Quarterly, the Board will receive an investment report for the Short-Term Tier. At a minimum, this report will include the following information:

- Investment performance report (net of fees) for the Short-Term Tier as a whole, the Primary Liquidity Fund, and the Extended Duration Fund, versus the appropriate benchmarks above.

- Any investments that required management notification (such as credit downgrades or duration changes), along with management's response to such notifications.
- A statement from each Investment Manager certifying compliance with the Virginia Investment of Public Funds Act.

Annually, the Board will receive the following information on the Short-Term Tier. At a minimum, this will include:

- Actual asset allocations of the Short-Term Tier as a whole, the Primary Liquidity Fund, and the Extended Duration Fund versus the allocation requirements above.
- A certificate showing compliance with the Investment Policy, specifically the **Authorized Investments**, the **Prohibited Investments or Actions**, and the **Asset Allocation Parameters** and **Short-Term Tier Constraints** sections above.

H. Investment Manager Requirements for the Short-Term Tier

Before an organization can provide investment management services for the Short-Term Tier, it must confirm in writing that it has received, reviewed, and is able to comply with this Investment Policy. Investment Managers are not permitted to deviate from their specifically announced investment strategy and may utilize discretion only as approved by the Board or its designee. Only firms having the following qualifications may serve as Short-Term Tier Investment Managers:

- Registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940 or exempt from registration;
- Must have provided to the University an annual updated copy of Form ADV, if applicable;
- Must be registered to conduct business in the Commonwealth of Virginia; and,
- Must have proven experience in providing investment management services under the Virginia Investment of Public Funds Act.

Short-Term Tier Investment Managers shall have the following duties:

- Accept assets as directed by the University, and invest those assets in strict adherence to the Investment Policy and applicable laws;
- Reconcile all transactions, market values, security holdings, and cash flows with the custodian within 30 days of each month-end;
- Calculate monthly performance against the appropriate benchmark and provide a written report within 35 days of each month-end;
- Calculate quarterly performance against the appropriate benchmark and provide a written report within 35 days of each quarter-end;
- Provide written quarterly reports concerning investment strategy, including quantitative performance attribution based on interest rate risk, sector allocation and security selection;
- Provide a written economic and investment outlook report within 30 days of each month-end;
- Meet as required to review portfolio and investment results;
- Issue prospectuses, annual reports and other pertinent information on a timely basis;
- Notification in advance of potential material changes in fund and/or firm operations under consideration or about to be implemented, including organizational or strategy changes that may impact asset management;
- Notification of any non-compliant securities as further outlined above; and,

- Provide a written quarterly statement attesting to compliance with the Investment Policy.

3. Long-Term Tier

A. Fund Structure

The Long-Term Tier shall consist of endowments and Board-designated quasi-endowment funds. As the Long-Term Tier consists of gifts, local funds, and non-general fund reserves and balances designated for long-term investment, it shall be invested in accordance with the Uniform Prudent Management of Institutional Funds Act. The primary objective for the Long-Term Tier is to maximize long-term real returns commensurate with the University's risk tolerance.

B. Financial Objectives

The funds invested in the Long-Term Tier shall be treated as long-term assets managed to maintain the purchasing power of those assets in the future while being mindful of the cash flow and liquidity requirements of both the University and the endowed funds. The objective of the Long-Term Tier is to achieve a rate of return in excess of inflation, CPI + 5%, at an acceptable level of risk.

The university does not expect that this investment objective will be achievable every year and, as a result, investment performance over rolling three-, five-, and ten-year periods will carry greater significance. The university also recognizes that some level of investment risk, including volatility and illiquidity, is necessary to achieve the long-term investment objectives of the Long-Term Tier.

The overall return will be evaluated against a policy portfolio benchmark consisting of the sum of different asset class benchmarks weighted in accordance with the long-term policy targets designed to meet the Long-Term Tier objective.

C. Long-Term Tier Investment Managers Under the Investment Advisor's Purview

The Board has delegated the management and investment of the Long-Term Tier to the Investment Advisor, including the selection, hiring, monitoring, and termination of Investment Managers.

The Investment Advisor shall act in good faith, and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, in: a) selecting Investment Managers; b) monitoring the Investment Manager's performance and compliance with the scope and terms of the delegation.

D. Authorized Investments

Given the uncertain and continuously evolving nature of investment markets, no static list of security types, asset classes, or definitions of investment management strategies can continuously express prudent practice. Therefore, the process by which investment decisions are developed, analyzed, adopted, and executed must satisfy relevant standards of care.

Note: Investment Managers or the Investment Advisor are to vote shareholders' proxies. Such voting is to be solely in the best interest of the university's investment funds, given their stated

policies, goals, and objectives. Where Investment Managers or fund vehicles have their own terms regarding proxy voting, such terms will be an attribute to be considered by the Investment Advisor in selecting and monitoring Investment Managers and investment vehicles.

E. Strategic Asset Allocation and Performance Measures

In developing and implementing the Long-Term Tier's Strategic Asset Allocation, the university will consider the risks associated with each asset class. Based upon the university's risk tolerance together with capital market risk and return estimates, the Board sets a strategic asset allocation designed to achieve the objectives stated in this Investment Policy Statement. The Strategic Asset Allocation shall be prudently diversified across asset classes. The Investment Advisor will invest the Long-Term tier in keeping with the parameters of the Strategic Asset Allocation below. The Strategic Asset Allocation specifies risk controls in the form of ranges and targets for Fund asset allocations as well as liquidity targets. The ranges help to ensure adequate diversification, define acceptable degrees of tactical tilts, and constrain absolute risk. Extraordinary market conditions may lead to deviations outside the specified ranges, which will be reported to the Investment Committee with a plan to return to the specified ranges.

Benchmark indices are selected to represent the desired risk and return profile of the Long-Term Tier. The Investment Advisor should produce returns commensurate with the blended benchmark indices noted below. Key considerations in selecting benchmark indices include broad market coverage, ability to passively invest, transparency of index construction, and objectivity of the index provider.

Strategic Asset Allocation Risk Control Targets and Ranges:

Net Exposure (%)	Range	Target
Equity	40-80	65
Real Assets	0-20	5
Credit	5-45	10
Government Bonds	0-25	5
Cash/Residual	0-25	15

Regional Exposures (%)	North America	Europe	Asia	Rest of World
Regional Ranges	25-75	0-50	0-40	0-20
Cash & Currency Ranges	50-100	0-30	0-30	0-20

Liquidity Measure (%)	Target
Quarterly liquidity	20
Illiquid Assets (> 7 years)	25

Long-Term Tier Benchmark

Asset Class	Weighting (%)	Benchmark
Equity	70	MSCI All Country World Equity
Fixed Income & Cash	30	Barclays Aggregate Bond Index
TOTAL	100	Blended Benchmark

Annual Review

Annually, the University and the Investment Advisor shall informally review and assess the Strategic Asset Allocation. Should the University and the Investment Advisor recommend changes to the Strategic Asset Allocation, such proposed changes will be brought to the Board for consideration.

Rebalancing Guidelines

The Strategic Asset Allocation reflects targets for exposures to various asset classes as described above. The purpose of rebalancing is to maintain the risk/reward relationship implied by the stated long-term Strategic Asset Allocation targets adopted by the Board. The actual asset mix may diverge from the target allocations as a result of either market fluctuations or explicit tactical decisions. The role of the ranges within the Strategic Asset Allocation is to allow for these short-term fluctuations, and to provide limits for tactical investing.

Under stable market conditions, should actual asset allocations reside outside of allowable Strategic Asset Allocation ranges, unless otherwise directed by the Board, the Investment Advisor will rebalance the Long-Term Tier without prior Board discussion or approval. Cash flows to, from, or within the Long-Term Tier will be used to rebalance the portfolio and may be allocated to or from the underlying Investment Managers within the Long-Term Tier.

The Board recognizes that under distressed market conditions, a less static approach to rebalancing could provide the University with increased flexibility and a more productive rebalancing process. Should the Investment Advisor believe that such distressed market conditions exist, the Investment Advisor shall: (a) immediately notify the Senior Vice President and CFO; (b) provide the Senior Vice President and CFO with recommended intermediate-term deviations from the Strategic Asset Allocation; and, (c) provide the Senior Vice President and CFO with a recommended timeline for rebalancing the Long-Term Tier. After reviewing these three items with the Investment Advisor, the Senior Vice President and CFO may authorize intermediate-term deviations from the Strategic Asset Allocation targets, and shall provide the recommended deviations and recommended rebalancing timeline for the Board's review at its next meeting.

F. Investment Restrictions

The Strategic Asset Allocation specifies risk controls in the form of ranges for Long-Term Tier asset allocations. The ranges help to ensure adequate diversification, define the permissible magnitude of tactical asset allocation, and constrain both absolute and relative risk. Risk control ranges express the acceptable variation from target asset allocations in normal market and economic

circumstances. The Investment Advisor shall adopt risk controls principally considering the Tier's tolerance for volatility, but also to ensure adequate liquidity.

It is understood that the Long-Term Tier must maintain a certain minimum level of liquidity that is sufficient to fund annual programmatic activities, as well as to fund ongoing expenses, including capital calls. The Investment Advisor shall monitor on an ongoing basis the liquidity of the Long-Term tier.

G. Spending Guidelines

The Spending Policy is meant to maintain the purchasing power of the Long-Term Tier, with the goal of providing a predictable and sustainable level of income. This policy reflects industry best practices. Under this policy, spending for a given year equals the trailing average three-year quarter-end market values of the Long-Term Tier multiplied by the long-term spending rate of 4.5%. An additional 1% administrative fee is distributed concurrently.

Annual payouts are assumed, and distributions are to be made on or before September 30. The University will communicate an estimate of the distribution to the Investment Advisor approximately 120 days in advance, and the Advisor will confirm receipt of the notification to the University within five business days. The final amount shall be determined at least 5 days before the distribution date, or earlier as agreed upon with the Investment Advisor. The Advisor is responsible for wiring funds as directed.

Payouts under this Spending Policy may exceed spending needs. At the discretion of the Senior Vice President and CFO, the University may elect to reinvest any portion of the annual distribution back into the Long-Term Tier. Each year, the Senior Vice President and CFO will prepare a report for the Board showing the current spending rate and allocating distributions made under this Spending Policy between those funds spent to meet University needs and those funds reinvested into the Long-Term Tier.

If the market value of the investment funds fall below the restricted amount, the payout and distribution shall be in compliance with Virginia's Uniform Prudent Management of Institutional Funds Act (§ 64.2-1100 et seq., "UPMIFA"), determining what portion of investment funds is appropriate for expenditure or accumulation as the University and Investment Advisor determine is prudent for the uses, benefits, purposes, and duration for which the investment funds were established.

H. Monitoring and Reporting for the Long-Term Tier

Quarterly, the Board will receive the following information on the Long-Term Tier. At a minimum, this report will include:

- Investment performance (net of fees) for the Long-Term Tier versus the appropriate benchmarks above.
- Actual asset allocations of the Long-Term Tier versus the Strategic Asset Allocations above.

Annually, the Board will receive the following information on the Long-Term Tier. At a minimum, this report will include:

- A report showing compliance with the Investment Policy, specifically the **Authorized**

Investments, Strategic Asset Allocation and Performance Measures, and Investment Restrictions sections above;

- The report specified under the **Spending Policy** section above; and
- A liquidity measurement analysis.

I. Investment Advisor Requirements for the Long-Term Tier

The Investment Advisor shall prudently select Investment Managers, acting in good faith, and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. Investment Managers are not permitted to deviate from their specifically announced investment strategy and may utilize discretion only as approved by the Investment Advisor.

The Investment Advisor shall have the following duties:

- Accept assets as directed by the University, and invest those assets in strict adherence to the Investment Policy and applicable laws;
- Reconcile all transactions, market values, security holdings (as applicable), and cash flows with the Investment Managers;
- Calculate performance against the appropriate benchmarks and provide regular, written reports to the University;
- Provide written reports to the University concerning investment strategy, including quantitative performance attribution;
- Meet as required with the University to review portfolio and investment results;
- Issue investment reports and other pertinent information on a timely basis to the University;
- Notify the University of potential material changes in fund and/or firm operations under consideration or about to be implemented, including organizational or strategy changes that may impact asset management;
- Notify the University of any non-compliant investments; and,
- Provide a written quarterly statement attesting to compliance with the Investment Policy.
-

J. The Central Bank

With the exceptions of reporting, distributions and liquidity requirements, investments made for the Central Bank are managed under the same requirements of the Long-Term Tier. These funds shall be invested in accordance with the Uniform Prudent Management of Institutional Funds Act. The primary objective for the Central Bank is to meet the obligations of the scheduled debt service payments out of the bank while generating liquidity and debt capacity for the University. Specific liquidity considerations will apply to the Central Bank to meet scheduled obligations in lieu of annual distributions.

Distributions for the principal and interest payments of the Central Bank must be available for timely payment, as scheduled. Additional distributions from the Bank for internal loans will be scheduled as needed, with the goal of minimizing distributions in order to provide for the Bank's growth. The investment of these funds will focus on providing this scheduled liquidity under the investment policy herein.

An annual report will be provided to the Board of Visitors to detail deposit amounts, payments and account balances for the various funds of the Bank.

4. Establishing a Prudent Split Between the Short-Term and Long-Term Tiers

The Short-Term and Long-Term Tiers have markedly different liquidity, risk, and volatility profiles. It is the responsibility of the Office of the Senior Vice President and CFO to perform ongoing analysis and monitoring to recommend to the Board a prudent split between the Short-Term and Long-Term Tiers.

5. Procedures

No changes to this policy may be implemented without the approval of the Board or its designated committee.

6. Violations

Passive Violations: A passive violation occurs when a portfolio breaches a prescribed policy limit as the result of changing market or credit conditions, with the exception of the procedures outlined under the **Rebalancing Guidelines** for the Long-Term Tier. Other than the routine rebalancing of the Long-Term Tier under stable market conditions as described in the **Rebalancing Guidelines** above, the university will report any violations to the Board and will remedy the violation within 90 days of the violation or prepare a written action plan that must be approved by the Board to extend the cure period beyond 90 days. The Investment Advisor and Investment Managers will continuously monitor the portfolio for any Passive Violations and will promptly notify the university as they occur.

Active Violations: An active violation is caused by entering into an agreement or investment that breaches a limit at inception or thereafter through failure to monitor. In this case, a thorough analysis of controls will ensue and be reported to the Board, as soon as practical. The Investment Advisor will seek to remedy the violation when possible. In instances where the costs of immediate remedies are prohibitive, the Investment Advisor will develop a corrective action plan that will be submitted to the university within a reasonable time after the violation occurs, not to exceed 15 days, depending on the nature and complexity of the investment holding and transactions needed to remedy the violation. The Board will be apprised of the violation at its next regularly scheduled meeting along with the corrective action plan.

7. Legal and Other Considerations

The university will, in accordance with law, consider the present and anticipated financial requirements of the university, the expected total returns on investments, the capital markets environment and general economic conditions.

The *Code of Virginia* § 64.2-1102, the Virginia Uniform Prudent Management of Institutional Funds Act, sets forth specific factors that, if relevant, must be considered in managing and investing the Long-Term Tier. These factors are:

1. The duration and preservation of the Long-Term Tier funds;
2. The purposes of the institution and the Long-Term Tier funds;
3. General economic conditions;
4. The possible effect of inflation or deflation;

5. The expected total return from income and the appreciation of investments;
6. Other resources of the institution; and
7. The investment policy of the institution.

Upon request, the university will present an analysis of these factors to the Board to assist its decisions regarding managing and investing the Long-Term Tier.

8. Conflicts of Interest

Virginia Commonwealth University will take reasonable measures to assess the independence of Investment Advisors and Investment Managers. Annually and prior to the approval of an Investment Advisor or Investment Manager, all personnel listed in “Who Should Know This Policy” must disclose any conflicts of interest on in the form of Exhibit A.

Forms

There are no forms associated with this policy and procedures.

Related Documents

1. VCU Policy: [Debt Management](#)
2. [Code of Virginia, Title 2.2, Chapter 44 \(§ 2.2-4400 et seq.\), as amended, Security for Public Deposits Act](#)
3. [Code of Virginia, Title 2.2, Chapter 45 \(§ 2.2-4500 et seq.\), as amended; Investment of Public Funds Act](#)
4. [Code of Virginia, Title 23.1, Chapter 23 \(§ 23-2306\), as amended, concerning the University’s investment of endowment funds, endowment income, and gifts](#)
5. [Code of Virginia, Title 64.2, Chapter 11 \(§ 64.2-1100 et seq.\), as amended; Uniform Prudent Management of Institutional Funds Act](#)
6. Management Agreement dated March 12, 2008 (as amended and renewed from time to time) between the Commonwealth of Virginia and the Board of Visitors of the Virginia Commonwealth University

Revision History

This policy supersedes the following archived policies:

Approval/Revision Date	Title
05/15/2009	<i>VCU Operating Pool Investment Policy</i>
09/19/2013	VCU Investment Policy
04/25/2016	VCU Investment Policy – Interim
03/22/2017	VCU Investment Policy
03/05/2019	Investment Policy (minor revision to clarify

Investment and Liquidity - 19 - Approved: MM/DD/YYYY

preexisting Strategic Asset Allocation and
Performance Measures)

FAQ

There are no FAQ associated with this policy and procedures.

Exhibit A

Annual Investment Conflict of Interest Disclosure Statement

[LIST OF CURRENT and/or PROPOSED INVESTMENT ADVISOR(S)
AND INVESTMENT MANAGER(S) – TO BE PROVIDED BY STAFF]

Except for the relationships and investments set forth below, I hereby certify to the best of my knowledge that neither I, nor any of my household family members, has a material ownership interest in, or is directly employed by, any Investment Advisor or Investment Manager engaged or to be engaged by the University and listed above. I hereby certify that I have received a copy of the University's current Investment Policy, have read and understand the policy, and agree to abide by its provisions pertaining to Conflicts of Interest.

Signature: _____

Print Name: _____

Title _____

Date: _____

PLEASE LIST ANY EXCEPTIONS BELOW:

Virginia Commonwealth University
Request for Approval of Demolition
708 West Grace Street

Background

708 West Grace Street was built in phases between 1876 and 1950 and is located on the Monroe Park Campus across from the existing VCU Honors College. The property is not usable in its current state, requires significant investment and is in the footprint of a future student housing project in the ONE VCU Master Plan. Demolition is planned for 2022.

Considerations

The building is not listed as a historic structure and the property is not located within a historic district. The Department of Historic Resources and the Art and Architectural Review Board reviewed and approved the plans for demolition.

Cost and funding source

Demolition is estimated at \$110,000 and will be funded by the university.

Recommendation

Approve the request to demolish 708 West Grace Street.

University Cash Position

Karol Kain Gray, SVP and CFO

December 10, 2021



VCU

University Cash and Investments - Three Year Trend

As of June 30
(in Millions)



FY 21 VCU Related Entities Financial Statement Summary

Karol Kain Gray, SVP and CFO

December 10, 2021



VCU

Financial Statement Summary

VCU Related Entities as of June 30 (in Millions)

	MCV Foundation	VCU Foundation	VCU Real Estate Foundation	VCU School of Business Foundation	VCU College of Engineering Foundation	Dentistry@ VCU	FY21 Total	FY20 Total
Assets:								
Cash	\$ 49.5	\$ 21.9	\$ 5.2	\$ 7.1	\$ 1.0	\$ 9.3	\$ 94.0	\$ 82.0
Investments & Endowments	806.8	116.3	-	61.9	94.6	11.9	1,091.5	793.6
PPE	1.8	-	79.4	22.2	34.6	-	138.0	139.3
Receivables and Other	23.2	5.8	11.3	4.3	1.8	4.0	50.4	57.0
Total Assets	881.3	144.0	95.9	95.5	132.0	25.2	1,373.9	1,071.9
Liabilities	9.3	46.9	49.8	34.6	75.8	11.2	227.6	206.5
Net Position	872.0	97.1	46.1	60.9	56.2	14.0	1,146.3	865.4
Total Liabilities and Net Position	\$ 881.3	\$ 144.0	\$ 95.9	\$ 95.5	\$ 132.0	\$ 25.2	\$ 1,373.9	\$ 1,071.9
Beginning Net Position	635.6	80.3	41.1	46.5	52.2	9.7	865.4	838.8
Revenues	273.9	30.8	10.8	19.7	35.6	21.2	392.0	108.0
Expenses	37.5	14.0	5.8	5.3	31.6	16.9	111.1	81.4
Change in Net Position	\$ 236.4	\$ 16.8	\$ 5.0	\$ 14.4	\$ 4.0	\$ 4.3	\$ 280.9	\$ 26.6

General Comments

- All related entities received unmodified opinions
- No management letter comments
- Change in net position largely due to increase in market value of investments as of June 30



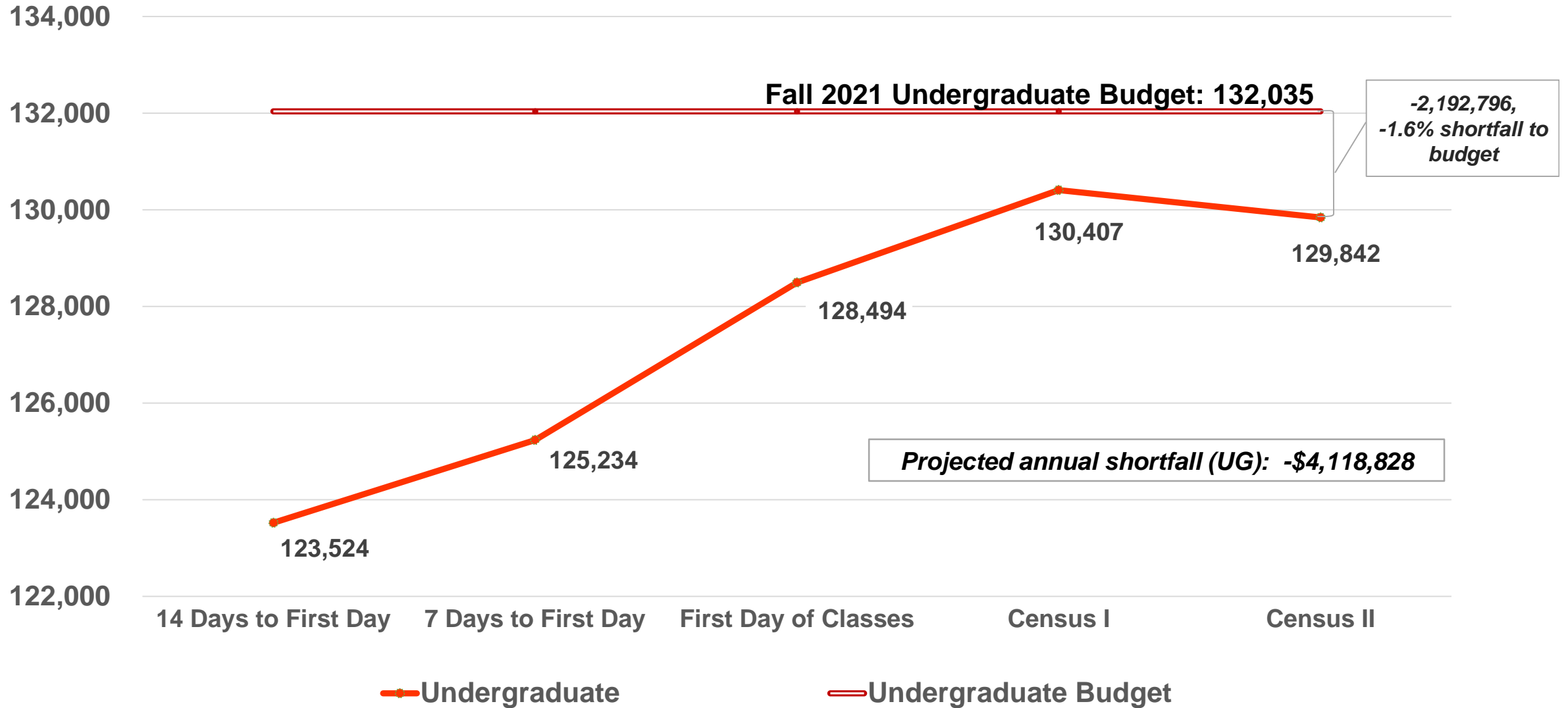
Board of Visitors Meeting Finance, Budget and Investments

December 10, 2021

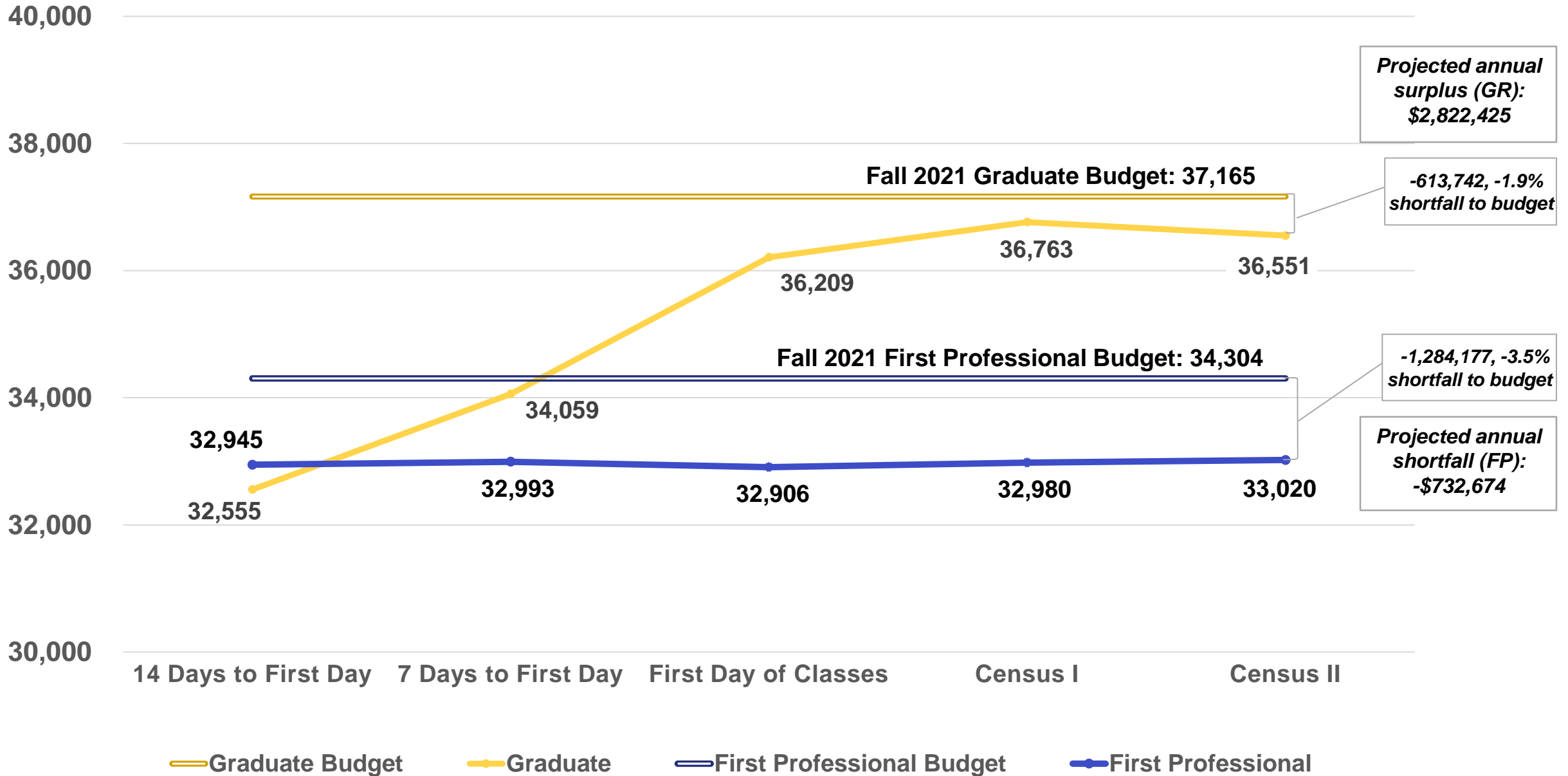
Karol Kain Gray
Senior VP & CFO



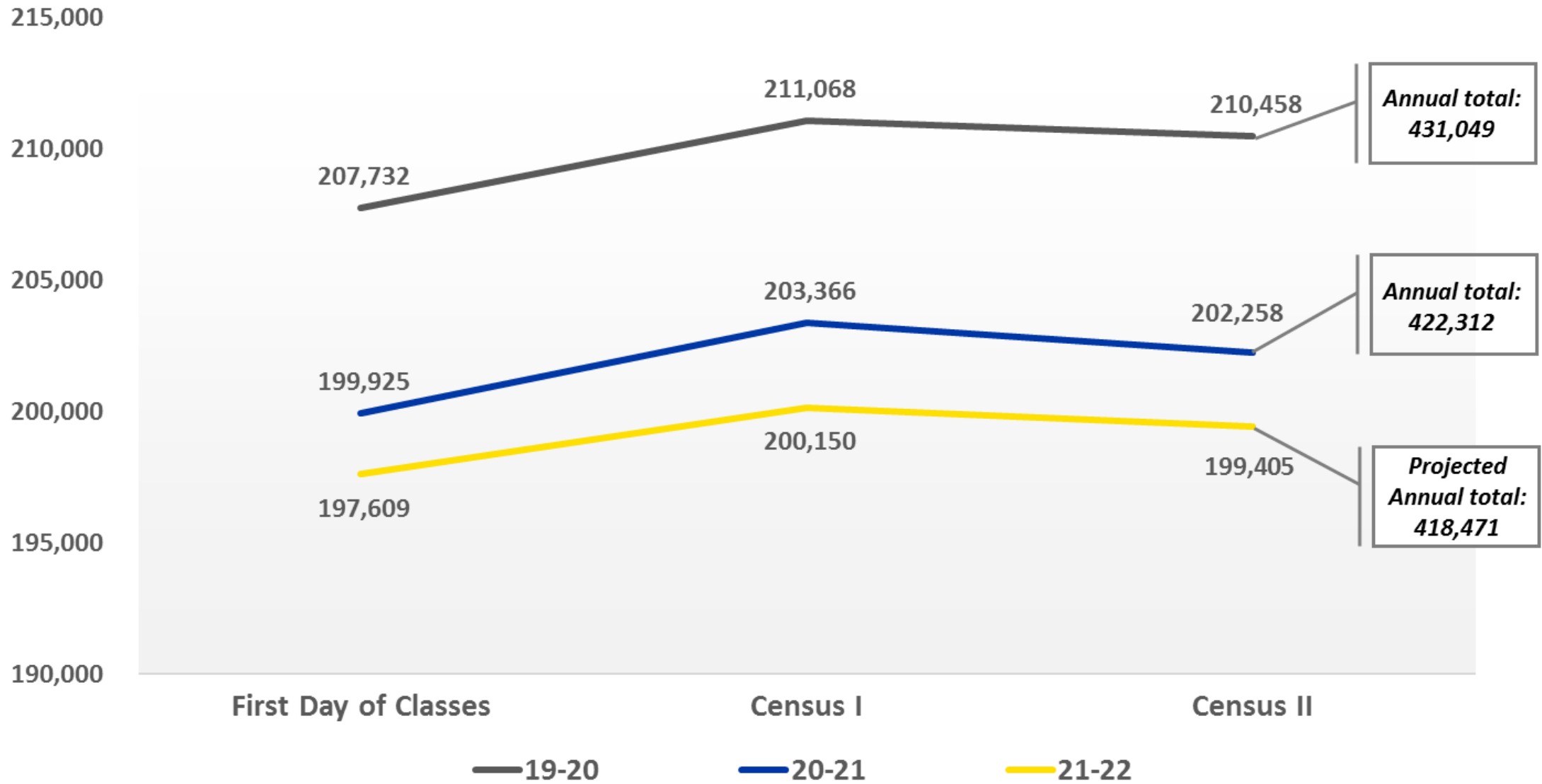
Fall 2021 Tuition, in thousands



Projected Fall Tuition, in thousands



Fall Total Tuition Revenue, in thousands



SCHEV VCU Recommendations

Description	State Total		VCU		6 YR Plan	
	FY23	FY24*	FY23	FY24	FY23	FY24
Financial Aid	\$20M	\$130M	\$1.9M	\$12.2M	\$11.4M	\$11.4M
Faculty Recruit, Retain & Diversify	\$74M	\$150M	\$8M	\$15.8M	\$2.6M	\$2.6M
Unavoidable & New Building Maintenance	\$14M	\$27.7M	\$1.7M	\$3.5M	-	-
Other Institutional needs	\$40M	\$40M	\$4.9M	\$4.9M	\$8.5	\$8.5

*2024 funds are inclusive of 2023 increments



VCU Administration Update

Dr. Meredith Weiss, Vice President of Administration

Arts and Innovation Academic Building





Virginia Commonwealth University 2021-2022 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					
State General Fund									
Direct Appropriations	\$ 218,306	\$ 19,013	\$ -	\$ -	\$ -	\$ -	\$ 39,834	\$ -	\$ 277,153
Central Transfers	-	-	-	-	-	-	-	-	\$ -
State General Fund	\$ 218,306	\$ 19,013	\$ -	\$ -	\$ -	\$ -	\$ 39,834	\$ -	\$ 277,153
Nongeneral Funds									
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
Total Nongeneral Funds	449,557	334,139	45,000	153,775	39,989	56,365	62,089	41,861	1,182,776
Transfers in (out)	10,635	-	(10,635)	-	-	-	-	-	-
Total University Sources	\$ 678,498	\$ 353,152	\$ 34,365	\$ 153,775	\$ 39,989	\$ 56,365	\$ 101,923	\$ 41,861	\$ 1,459,929

Virginia Commonwealth University

2021-2022 University Budget Plan

Sources Summary (in thousands)

FY 2021-2022 Uses	Educational	Sponsored Programs			University	Qatar	Student	Hospital	Total
	& General Programs	Direct Costs	Facilities & Admin. Costs	Auxiliary Enterprises					
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
Subtotal Uses	669,929	353,152	32,340	152,158	39,989	56,365	97,295	41,861	1,443,089
Transfers in (out)	-	-	-	(4,628)	-	-	4,628	-	-
Contingencies and Reserves	8,569	-	2,025	6,245	-	-	-	-	16,839
Total University Uses	\$ 678,498	\$353,152	\$ 34,365	\$ 153,775	\$39,989	\$ 56,365	\$ 101,923	\$41,861	\$1,459,928

Quarterly Report
FY2022 1st Quarter Report

Dollars in Thousands

	<u>Actuals</u>				<u>Budget</u>	<u>Actuals</u>	<u>Pro-Rated</u>
	<u>FY21 Q1</u>	<u>FY22 Q1</u>	<u>\$ Change</u>	<u>% Change</u>	<u>BoV Book</u>	<u>FY21 YE</u>	<u>YE</u>
1 Revenue							
2 Tuition and Fees E&G	207,764	207,010	(754)	-0.4%	439,392	406,295	404,820
3 State General Fund E&G	49,401	57,678	8,277	16.8%	218,306	205,143	239,515
4 Other Income E&G	11,977	8,905	(3,072)	-25.6%	60,790	94,602	70,339
5 Educational and General Programs	269,142	273,593	4,451	1.7%	718,488	706,040	717,717
6 University and Student Health Fee	29,347	31,295	1,948	6.6%	61,825	56,933	60,714
7 Other Auxiliary Income	27,317	36,597	9,280	34.0%	91,950	62,163	83,280
8 Auxiliary Enterprises	56,664	67,893	11,228	19.8%	153,775	119,096	142,696
9 Sponsored Programs	58,912	75,804	16,893	28.7%	353,152	261,658	336,688
10 FACR	12,132	13,676	1,545	12.7%	34,365	35,106	39,577
11 University Funds	16,356	16,036	(320)	-2.0%	56,365	90,624	88,851
12 Student Financial Assistance	32,556	35,284	2,728	8.4%	101,923	87,103	94,402
13 Hospital Services and COVID Relief Funds	12,103	15,544	3,441	28.4%	41,861	67,728	86,983
14 Total Revenue	457,865	497,831	39,966	8.7%	1,459,929	1,367,356	1,506,912
15 Expenses							
16 Academic Programs E&G	102,641	107,521	4,880	4.8%	376,603	398,030	416,954
17 Support Programs E&G	89,050	94,655	5,605	6.3%	341,885	300,978	319,921
18 Educational and General Programs	191,692	202,176	10,485	5.5%	718,488	699,008	737,241
19 Auxiliary Enterprises	35,401	35,244	(157)	-0.4%	153,775	109,191	108,708
20 Sponsored Programs	62,247	79,896	17,649	28.4%	353,152	249,988	320,868
21 FACR	10,517	9,674	(842)	-8.0%	34,365	18,351	16,880
22 University Funds	16,213	8,745	(7,468)	-46.1%	56,365	62,507	33,716
23 Student Financial Assistance	36,276	38,868	2,592	7.1%	101,923	87,091	93,314
24 Hospital Services and COVID Relief Funds	8,365	8,935	570	6.8%	41,861	65,134	69,571
25 Total Expenses	360,709	383,538	22,829	6.3%	1,459,929	1,291,270	1,380,298
26 Net	97,155	114,292	17,137	17.6%	-	76,086	126,614



VCUHealth™

VCU Health System Authority

**FY 2022 Financial Report
for the 4 Months Ending
October 31, 2021**

VCUHS Preliminary Consolidated Balance Sheet

(\$ in thousands)

October 31, 2021

	<u>Oct 31, 2021</u>	<u>June 30, 2021</u>
ASSETS & DEFERRED OUTFLOWS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 136,100	\$ 192,939
Patient accounts receivable, net	438,166	446,822
Other current assets	1,388,389	164,403
	<u>\$ 1,962,655</u>	<u>\$ 804,164</u>
ASSETS WHOSE USE IS LIMITED & LT INVESTMENTS		
CAPITAL ASSETS	2,074,791	2,077,187
OTHER ASSETS	1,551,604	1,446,738
DEFERRED OUTFLOWS	160,704	92,578
	<u>38,269</u>	<u>38,939</u>
TOTAL ASSETS & DEFERRED OUTFLOWS	<u>\$ 5,788,023</u>	<u>\$ 4,459,606</u>
LIABILITIES, DEFERRED INFLOWS & NET POSITION		
CURRENT LIABILITIES		
Current portion of long-term debt and capital leases	\$ 22,800	\$ 9,782
Settlements due to Third Parties	146,264	72,285
Trade accounts payable	131,976	85,735
Accrued salaries, wages, and fringe benefits, leave	154,037	150,779
Other current liabilities	1,250,635	171,001
	<u>\$ 1,705,712</u>	<u>\$ 489,582</u>
OTHER LIABILITIES		
Long-term debt and capital leases, less current portion	\$ 673,978	\$ 652,658
Other liabilities	156,942	155,313
	<u>\$ 2,536,632</u>	<u>\$ 1,297,553</u>
DEFERRED INFLOWS	\$ 18,022	\$ 13,727
NET POSITION	<u>\$ 3,233,369</u>	<u>\$ 3,148,326</u>
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	<u>\$ 5,788,023</u>	<u>\$ 4,459,606</u>

Key Changes:

- Total Assets increased \$1.3M
- Significant increases in Other Current Assets and Other Current Liabilities are related to amounts due to affiliated organizations which offset.



VCUHealthTM

VCU Health System Authority

VCUHS Preliminary Consolidated Income Statement

(\$ in thousands)

October 31, 2021, FYTD (4 months)

	<i>Percent</i>	FYTD 2022 Actual	FYTD 2022 Q1 Plan	FYTD 2021 Actual	<i>Variance Percent</i>
OPERATING REVENUE					
Net patient service revenue	0.7%	\$ 890,794	\$ 884,271	\$ 820,602	8.6%
Contract and Other revenue	171.6%	49,795	18,336	19,706	152.7%
Total Operating Revenues	4.2%	\$ 940,589	\$ 902,607	\$ 840,308	11.9%
OPERATING EXPENSES					
Salaries, Wages and Benefits	-0.6%	\$ 489,276	\$ 486,341	\$ 463,530	-5.6%
Medical claims expense	-9.6%	5,041	4,600	2,191	-130.1%
Purchased services	-44.3%	116,367	80,643	52,764	-120.5%
Supplies	7.4%	100,227	108,227	101,795	1.5%
Drugs	-3.5%	93,090	89,937	68,048	-36.8%
Other expenses	-4.8%	68,904	65,741	58,439	-17.9%
	-4.5%	\$ 872,905	\$ 835,489	\$ 746,767	-16.9%
OPERATING EBIDA	0.8%	\$ 67,684	\$ 67,118	\$ 93,541	-27.6%
<i>EBIDA (%)</i>		7.2%	7.4%	11.1%	
Interest, Taxes, Depreciation and Amortization	10.2%	\$ 38,179	\$ 42,513	\$ 38,837	1.7%
Total Operating Expenses	-3.8%	911,084	878,002	785,604	-16.0%
TOTAL OPERATING EXCESS/ (LOSS)		\$ 29,505	\$ 24,605	\$ 54,704	
<i>Operating Margin (%)</i>		3.1%	2.7%	6.5%	
NONOPERATING REVENUE AND EXPENSES					
Investment income	251.2%	\$ 47,247	\$ 13,454	\$ 84,898	-44.3%
Other non-operating income(expense)	-40.2%	8,214	13,728	10,973	25.1%
		\$ 55,461	\$ 27,181	\$ 95,871	
EXCESS OF REV. OVER EXP. BEFORE TRANSFERS		\$ 84,966	\$ 51,786	\$ 150,575	
<i>Total Margin (%)</i>		8.5%	5.6%	16.1%	

Highlights:

- Volumes remained strong in October, while costs continue to exceed plan.
- \$34.8M of Cares Act funding received for FY20/FY21 expense are included in FY21 revenue.

Key Performance Indicators (YTD as of 10/2021)

Debt Service Coverage Ratio

7.2 ▲
As of 10/2021

4.6
FY21 Target

Expenses per Day

\$7,113 ▼
As of 10/2021

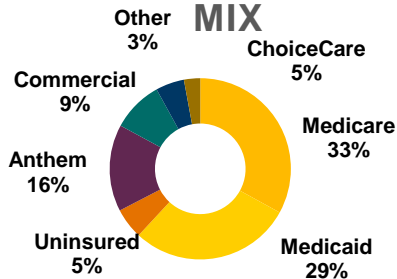
\$7,074
FY22 Target

Return on Assets

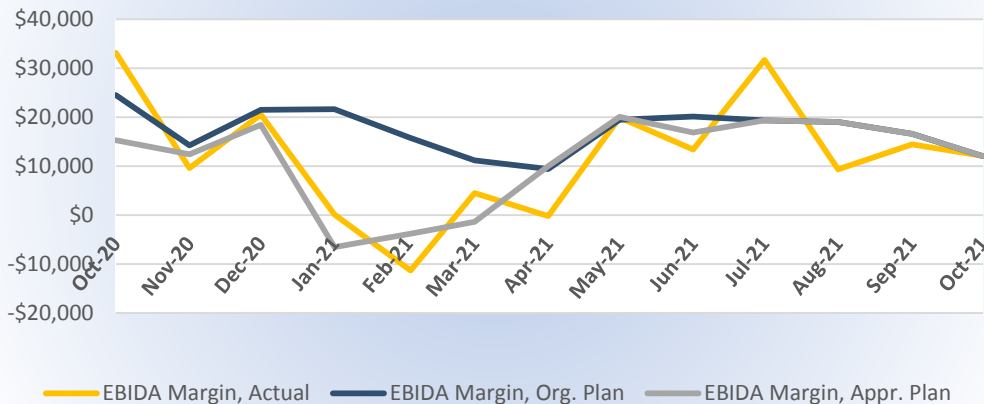
5.5% ▲
As of 10/2021

5.4%
FY21 Target

SYSTEM PAYER MIX



VCU Health System EBIDA Margin, by Month



Operating Margin

3.1% ▲

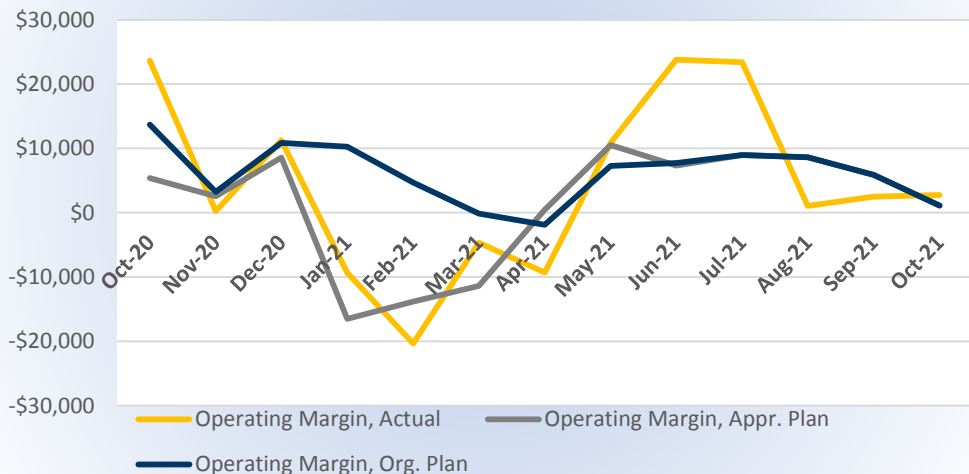
FY22 Target 1.9%

EBIDA Margin

7.2% ▲

FY22 Target 9.2%

VCU Health System Operating Margin, by Month



Days' Cash on Hand

314.3 ▲

FY22 Target: 286.7

Small arrows indicates desired trend

Treasurer's Report

As of September 30, 2021

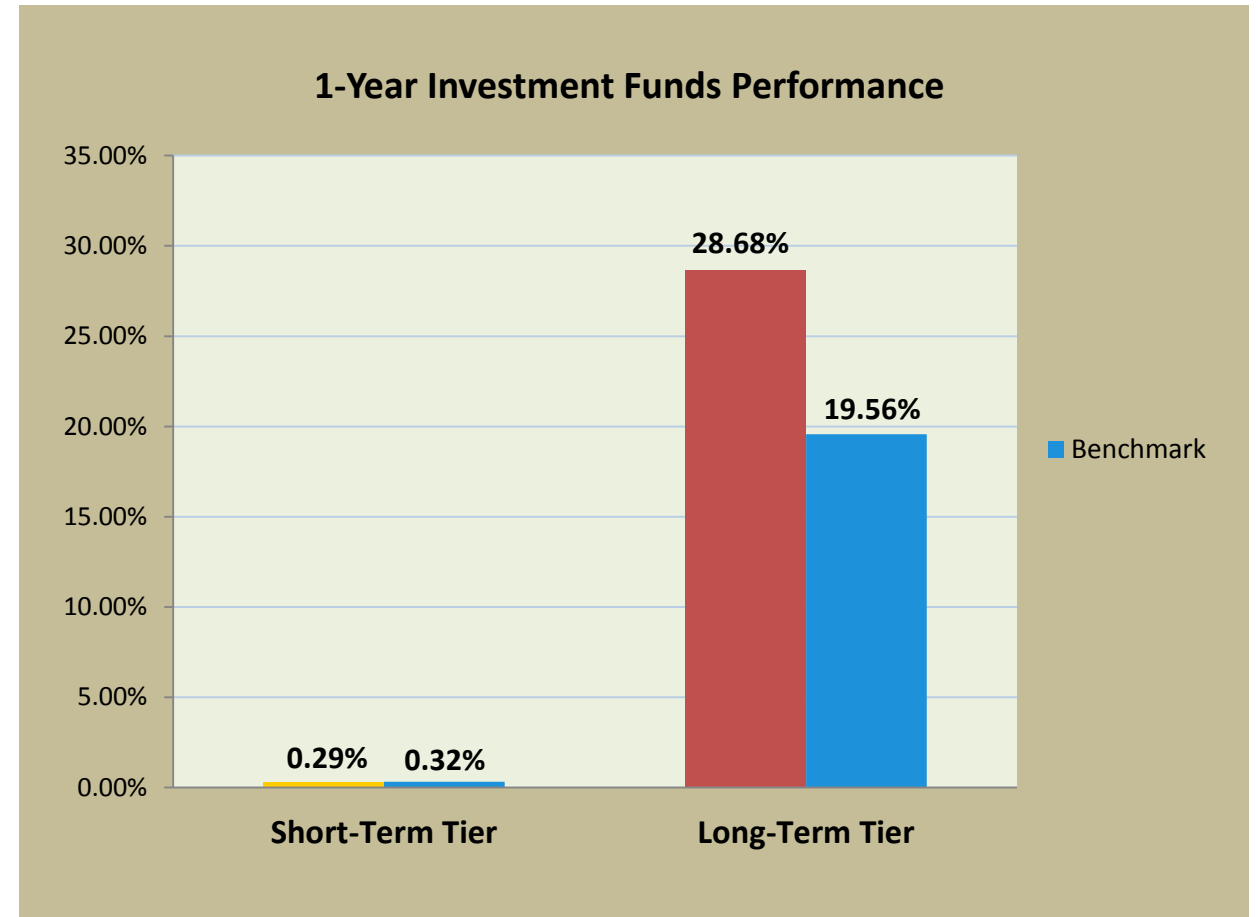
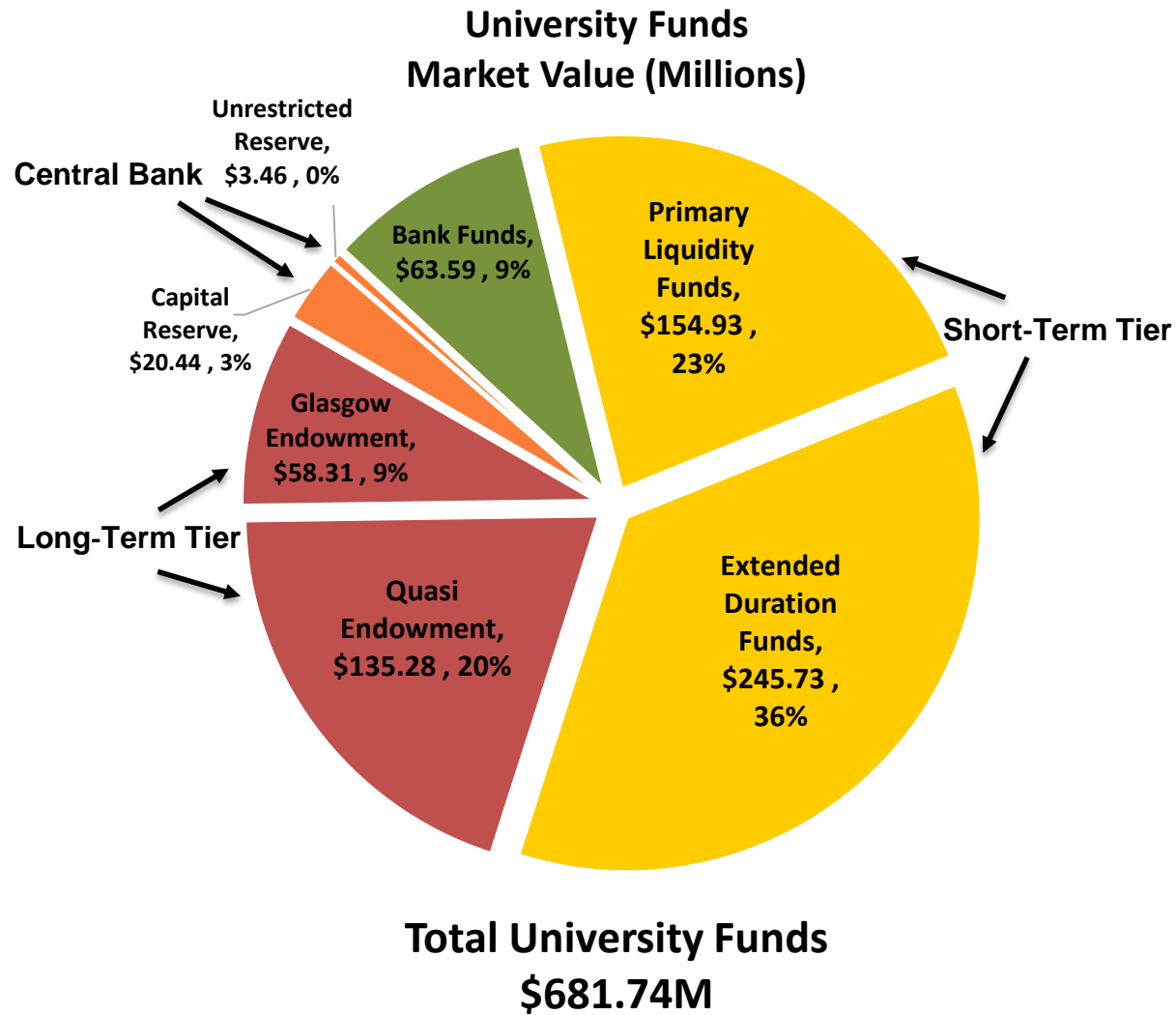
Finance, Budget and Investment Committee

Karol Kain Gray

December 10, 2021



Total University Funds Overview for the Period Ending September 30, 2021



Short-Term Tier Performance Summary As of September 30, 2021

Performance Summary (Net of Fees)

	Market Value (M)	Current Allocation	1 Month	QTD	1 Year	Annualized		
						3 Years	5 Years	Since 7/2009
Primary Liquidity Funds / Payden & Rygel	\$154.9	38.7%	0.01%	0.00%	0.01%	1.22%	1.22%	0.60%
<i>iMoneyNet MM All Taxable</i>			<i>0.00%</i>	<i>0.00%</i>	<i>0.02%</i>	<i>0.90%</i>	<i>0.89%</i>	<i>0.38%</i>
Extended Duration Funds / Merganser	\$245.7	61.3%	-0.10%	0.06%	0.27%	2.92%	2.02%	1.73%
<i>BofA ML US Corp & Govt 1-3 Year Blended¹</i>			<i>-0.08%</i>	<i>0.09%</i>	<i>0.35%</i>	<i>2.89%</i>	<i>1.91%</i>	<i>4.02%</i>
Total Operating Funds	\$400.7	100.0%	-0.06%	0.07%	0.29%	2.64%	1.91%	1.38%
<i>Short-Term Tier Composite²</i>			<i>-0.05%</i>	<i>0.09%</i>	<i>0.32%</i>	<i>2.51%</i>	<i>1.72%</i>	<i>1.59%</i>

¹ 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

² 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 September 30, 2021

VCU Long-Term Tier

Estimated September 30, 2021	Mkt Value (M)	% Allocation	Since Inception						
			4/30/2016	5 Years	3 Years	1 Year	CYTD	FYTD	3 Mos
VCIMCO Funds	\$192.8	100.0%	9.90%	10.12%	12.53%	29.01%	13.98%	0.05%	0.05%
<i>Long-Term Policy Benchmark¹</i>			<i>10.08%</i>	<i>10.07%</i>	<i>10.65%</i>	<i>19.56%</i>	<i>8.18%</i>	<i>-0.70%</i>	<i>-0.70%</i>
Equity	\$128.1	66.4%	14.03%	14.20%	16.25%	37.72%	16.81%	-0.69%	-0.69%
<i>MSCI All Country World</i>			<i>13.08%</i>	<i>13.19%</i>	<i>12.57%</i>	<i>27.44%</i>	<i>11.12%</i>	<i>-1.05%</i>	<i>-1.05%</i>
Credit and Absolute Return	\$36.0	18.6%	5.83%	5.74%	8.27%	19.43%	14.03%	3.55%	3.55%
<i>Barclays US Corporate High Yield</i>			<i>6.86%</i>	<i>6.51%</i>	<i>6.90%</i>	<i>11.28%</i>	<i>4.53%</i>	<i>0.89%</i>	<i>0.89%</i>
Real Assets	\$6.2	3.2%	-1.05%	0.00%	-6.81%	18.41%	6.03%	-0.85%	-0.85%
<i>MSCI All Country World Real Estate</i>			<i>6.15%</i>	<i>0.00%</i>	<i>7.66%</i>	<i>22.21%</i>	<i>12.79%</i>	<i>-1.82%</i>	<i>-1.82%</i>
Treasuries	\$1.5	0.8%	0.91%	0.82%	2.26%	-0.52%	2.37%	1.81%	1.81%
<i>Barclays US Treasury</i>			<i>2.02%</i>	<i>1.98%</i>	<i>4.00%</i>	<i>-1.38%</i>	<i>-1.15%</i>	<i>-0.01%</i>	<i>-0.01%</i>
Cash and Equivalents	\$21.1	10.9%							
VCU Long-Term Tier	\$193.6		9.98%	12.39%	12.39%	28.68%	13.82%	0.06%	0.06%

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 October 7, 2021.

Performance includes reporting by 38 of 39 Ram Private Assets Fund, LP underlying investments representing 99.8% of net asset value as of June 30, 2021.

¹ As of 7/1/2021, 70% MSCI All Country World, 30% Bloomberg US Aggregate; prior to 7/1/2021, 65% MSCI All Country World, 25% Bloomberg US Aggregate, 10% MSCI All Country World Real Estate. This assumes revised weights will be adopted in FY 2021-22.

**Monitoring Report
as of December 3, 2021 (Preliminary)**

**Monitoring Report
as of December 3, 2021 (Preliminary- continued)**

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

Project	Funding		Final Completion	Comments
	Amount	Source		
Completed Projects:				
Engineering Research Expansion	\$41,341,000 State-Supported Debt \$49,000,000 University-Supported Debt \$10,300,000 State-Supported Debt \$100,641,000 Total		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.
D Parking Deck Restoration	\$8,000,000 University-Supported Debt \$4,500,000 Auxiliary Enterprise \$12,500,000 Total		June 2021	This project is substantially complete. Reconciliation and final closeout is in progress.
Rice Center Research Facility	\$5,500,000 Private Funds \$1,100,000 Life Sciences Funds \$1,000,000 Internal Loan \$7,600,000 Total		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.
Construction Underway:				
Trani Life Sciences Roof & HVAC Replacement	\$7,114,000 State-Supported Debt \$7,114,000 Total		December 2021	Mediation is complete. Mechanical systems are substantially complete. Reroofing efforts continue. Coordination and repair of fire damaged areas is in progress. Additionally, the parapet caps and the detailing at the greenhouse flashing is being repaired to correct all known issues.
Sanger 9 Surgery Innovation Suite	\$6,187,800 School of Medicine Funds \$6,187,800 Total		December 2021	This project is substantially complete. Some minor end-user requests are currently being completed. A failure of the humidification steam valve caused several sprinkler heads to engage resulting in relatively significant water damage in various areas. Efforts to restore the facility are underway. Final completion will be pushed to December.
STEM Teaching Laboratory Building	\$113,505,000 State-Supported Debt \$10,967,000 General Fund \$124,472,000 Total		Winter 2022	Construction is currently on time and within budget though supply chain delays continue to pose a risk to the schedule. A six-month delay of roofing material is requiring the installation of a full temporary roof to maintain the schedule.
Planning Underway:				
Arts Innovation and Academic Building	\$6,809,000 University Funds \$6,809,000 Total		TBD	Procurement of Construction Manager at Risk is beginning. A shortlist of contractors have been identified through the RFP process. RFPs proposals are due Dec 6th. The VCU team met with a diversity consultant developing action items to improve awareness and participation in this project.
Founders Hall - Building Envelope Rehabilitation	\$3,200,000 Maintenance Reserve \$3,200,000 Total		TBD	The design for the rehabilitation work is being finalized.
Technology Operations Center	\$22,575,000 University Debt \$22,575,000 Total		Jun 2023	Procurement of Construction Manager at Risk is underway. The advertisement for Statements of Interest and Qualifications has been issued. It is anticipated to have a Construction Manager contracted in March of 2022.
On Schedule	Delay		Significant Delay	