



**BOARD OF VISITORS
1:00 P.M. SEPTEMBER 14, 2017
JAMES CABELL LIBRARY
901 PARK AVENUE, ROOM 311, RICHMOND, VIRGINIA**

MINUTES

BOARD MEMBERS PRESENT

Ms. Phoebe Hall, Rector
Mr. John A. Luke Jr., Vice Rector
Dr. Carol Shapiro, Secretary
Mr. William M. Ginther
Dr. Robert Holsworth
Ms. Colette W. McEachin
Mr. Ron McFarlane
Reverend Tyrone E. Nelson
Mr. Keith Parker
Dr. Shantaram Talegaonkar
Mr. Steve L. Worley

BOARD MEMBERS ABSENT

Mr. Alexander B. McMurtrie, Jr.
Mr. H. Benson Dendy III
Ms. Jacquelyn Stone
Mr. G. Richard Wagoner, Jr.

OTHERS PRESENT

President Michael Rao
Ms. Stephanie Hamlett, Esq. - University Counsel
Ms. Michele N. Schumacher, J.D., Board Liaison
VCU students, faculty and staff
Members of the Media

CALL TO ORDER

Ms. Phoebe P. Hall, Rector called the meeting to order at 1:15 p.m. in the James Cabell Library, 901 Park Avenue, Richmond, Virginia.

APPROVAL OF THE AGENDA

Ms. Hall asked for a motion to approve the Agenda as published. After a motion duly made a seconded, the Agenda as published was unanimously approved.

APPROVAL OF MINUTES

Ms. Hall asked for a motion to approve the minutes of the May 12, 2017 Board of Visitors Meetings and the minutes of the August 17, 2017 Board of Visitors Orientation and Retreat, as published. After motion duly made and seconded the Minutes of the May 12, 2017, Board of Visitors Meeting and the minutes of the August 17, 2017 Board of Visitors Orientation and Retreat were unanimously approved. A copy of the minutes can be found on the VCU website at the following webpage <http://www.president.vcu.edu/board/minutes.html>.

PRESIDENT'S REPORT

President Michael Rao provided an oral report on activities and accomplishments at the University since the May 2017 Board of Visitors meeting, and noted that the start of the new fiscal year and academic year started with the announcement of the Federal Government to end the Deferred Action for Childhood Arrivals program and the steps the University is taking to allay the fears of our students affected by this decision. In addition, he acknowledged the US News and World Report ranking of the university but informed the Board that university is not focused how it is ranked by one publication. He continued that the metrics used in various rankings do not always reflect the university's mission, and that the success the university has had relative to its mission is the most important ranking. President Rao concluded his report with his vision to distinguish VCU and VCU Health System and provided an overview of his priorities to achieve that vision, namely: accessible, transformative education; collaborative, convergent research; and high quality healthcare. He concluded that all of the priorities are guided by a commitment to community impact

President Rao also recognized the death of Dr. Wanda S. Mitchell who served as VCU's founding chief diversity officer. Dr. Holly Alford, non-voting faculty representative to the Board, then read a resolution that the Faculty Senate had adopted recognizing Dr. Mitchell and her contributions to VCU.

REPORT OF THE FINANCE, BUDGET AND INVESTMENT COMMITTEE

Mr. William M. Ginther, Chair of the Finance, Budget and Investment Committee, provided the Committee report and reported that the Committee received several information items, including:

- VCU's FY2017-2018 University Budget Plan Sources and Use Summary;
- VCU's Revenue and Expense Summary report as of June 30, 2017;
- VCU Health System and Financial Operations Report as of June 30, 2017;
- Capital Projects Update;
- Dashboard Update;
- Agency Risk Management and Internal Control Standards Update;
- Board of Visitors Fund Annual Report; and
- VCU's Small, Women and Minority (SWaM) Owned Business Discretionary Spending for fiscal years 2013 through 2017.

He also stated that Ms. Karol Gray, Vice President for Finance and Budget also provided an update on the new budget model, and provided the Treasurers Report. Dr. Meredith Weiss, Vice President for Administration also provided an update on the University's Master Plan.

Action Items

Mr. Ginther reported that the Committee had several action items that required Board action.

Committee Charter

He noted that the first item was the approval of the Committee Charter. He explained that the Committee Meeting Planner is also in the Board material for informational purposes only. Mr. Ginther then moved on behalf of the Committee that the Board approve the Committee's Charter. After motion duly made and seconded the Board approved the Committee's Charter, a copy of this is attached hereto as **Attachment A** and is made a part hereof.

9(d) Virginia College Building Authority Debt Financing

Mr. Ginther stated that the next item was approval of the 9(d) Virginia College Building Authority Debt Financing Resolution noting that the Commonwealth has authorized the university to seek financing for up to \$10.8 million plus amounts needed to fund costs, reserve funds and other financing expenses in connection with the construction of the new allied health professions building. He noted that the resolution and background information were provided in the board books. Mr. Ginther then moved on behalf of the Committee that the Board approve the resolution entitled "RESOLUTION OF THE BOARD OF VISITORS OF VIRGINIA COMMONWEALTH UNIVERSITY VIRGINIA COLLEGE BUILDING AUTHORITY FINANCING AUTHORIZATION" authorizing \$10.8 million to construct New Allied Health Professions Building. After motion duly made and seconded the resolution was unanimously adopted. A copy of the resolution and background material are attached hereto as **Attachment B** and are made a part hereof.

Amendment to 2015A General Revenue Pledge Bond

The next item is approval of a resolution amending a June 11, 2015 relating to the University's \$27,000,000 Series 2015A General Revenue Pledge Bond to include in the project definition of that Bond University-owned parking facilities located in or around the University's campus. Mr. Ginther then moved on behalf of the Committee that the Board approve the resolution entitled "Amending Prior Resolution of the Board Relating to the University's \$27,000,000 Series 2015A General Revenue Pledge Bond". After second being duly made, the Board unanimously approved the resolution entitled "Amending Prior Resolution of the Board Relating to the University's \$27,000,000 Series 2015A General Revenue Pledge Bond", a copy of which is attached hereto as **Attachment C** and is made a part hereof.

Administrative Fee – Endowment and Quasi-Endowments

Mr. Ginther continued that the next item was approval of a resolution authorizing the University to implement an administrative fee on the University-held endowments and the quasi-endowment of 1.00 percent of each endowment's market value, or 100 basis points. Mr. Ginther then moved on behalf of the Committee that the Board approve the resolution entitled "Approval of Administrative Fee"; after second being made, the Board unanimously approved the resolution. A copy of the resolution entitled "Approval of Endowment Administrative Fee" is attached hereto as **Attachment D** and is made a part hereof.

Architect/Engineer Selections

Mr. Ginther then moved on behalf of the Committee that the Board approve the following Architect/Engineer Selections, specifically: Scott House Renovation – selection of Glave & Holmes Architecture, PC; West Hospital Eighth Floor Renovation – selection of KOP Architects, PC; West Main Street Deck Restoration – selection of Dunbar, Milby, Williams, Pittman & Vaughan; and MCV Campus Steam Line Installation – selection of Draper Aden, PC. After second being duly made, the Board approved the Architect/Engineer Selections as set forth in the motion.

Amendments to 2016-2022 Six-Year Capital Plan

Mr. Ginther then moved on behalf of the Committee that the Board approve that the University's 2016-2022 Six-Year Plan be amended to include the following projects:

- (1) the MCV steam line installation project at a cost not to exceed \$4,000,000;
- (2) a \$6,000,000 increase in the estimated cost of the School of Engineering research expansion project;
- (3) the School of Engineering Research Expansion project plan, specifically, the construction of a new facility to allow the expansion of research facilities to meet the School's strategic goals;
- (4) an \$18.9 million energy performance project and to enter into a contract with Schneider Electric.

After a second, the motion was unanimously adopted. Attached hereto as **Attachment E** is the background information on the above named projects.

Mr. Ginther then informed the Committee that the next items were related to the approval of procurement procedures. He moved on behalf of the Committee that the Board adopt the modifications to the Construction Management at Risk Procurement Procedures, and the modifications to the Design-Build Construction Procurement Procedures. After second being duly made, the Board unanimously approved the proposed modifications to (1) the Construction Management at Risk Procurement Procedures, and (2) the Design-Build Construction Procurement Procedures. A copy of the said modified procedures are attached hereto as **Attachment F** and are made a part hereof.

Mr. Ginther continued that the next action item was an amendment to the current six-year capital plan (i) to increase the budget for the Raleigh Building Renovation by \$845,758 to the budget due to unforeseen conditions encountered during construction; and (ii) amend the University's 2016-2022 Six-Year Capital Plan to include the renovation of the Scott House at a total cost of \$7,000,000. Mr. Ginther then moved on behalf of the committee that the Board approve an amendment to the current six year capital plan (i) to increase the budget for the Raleigh Building Renovation by \$845,758 to the budget due to unforeseen conditions encountered during construction; and (ii) amend the University's 2016-2022 Six-Year Capital Plan to include the renovation of the Scott House at a total cost of \$7,000,000. After a second duly made, the motion was unanimously adopted and the amendments to the six-year capital plan were approved.

Mr. Ginther stated that the final item was approval of the financial assumptions as used in the University's 2017 Six-Year Plan that is found in the Board materials. He moved on behalf of the Committee that the Board approve the financial assumptions as used in the Six-Year Plan. After a second, the Board unanimously adopted the financial assumptions as used in the 2017 Six-Year Plan.

Ms. Hall thanked Mr. Ginther for his report.

REPORT ON THE 2017-2024 SIX-YEAR ACADEMIC, FINANCIAL AND ENROLLMENT PLAN

Dr. Gail Hackett, Provost and Vice President for Academic Affairs, Dr. Marsha D. Rappley, Vice President for Health Sciences and CEO of the VCU Health System, provided a presentation on VCU's 2017-2024 Six-Year Academic, Financial and Enrollment Plan. Dr. Hackett reminded the Board that the 2017 Six-Year Plan is found in their Board materials. The presentation included (a) a discussion and review of the University's priorities including increasing tenured and tenured track faculty, increasing faculty diversity and improving compensation for faculty; (b) a review of the strategic goals related to research, innovation and the impact on regional health that are contained in the Plan; and (c) a review of the highlights of the Six-Year Plan.

The Rector thanked Dr. Hackett and Dr. Rappley for their presentation and noted that it was appropriate for the Board to approve a resolution that approves the 2017 Six-Year Plan as presented in the format provided by the State Council of Higher Education for Virginia and also authorizes the University to revise the 2017 Six-Year Plan as required by State officials for final submission by October 1, 2017. After motion duly made and seconded a resolution entitled "Approval of Virginia Commonwealth's University's 2017 Six-Year Plan" was unanimously adopted. A copy of the resolution is attached hereto as **Attachment G** and is made a part hereof.

REPORT ON VCU STRATEGIC PLAN 2025: EXCELLENCE AND ACCESS

An update on the development of the VCU Strategic Plan 2025: Excellence and Access was provided by Dr. Hackett, Dr. Rappley, and the work group co-chairs as follow: Dr. Rosalyn Hargraves co-chair of the Leveraging Diversity work group; Dr. Tim Davey, co-chair of the Local Impact and Social Embeddedness work group; Dr. Montse Fuentes, co-chair of the National Prominence work group; Dr. Chuck Klink, co-chair of the Student Success work group; and Mr. Kevin Harris, co-chair of the Culture of Appreciation work group. A copy of the presentation is attached hereto as **Attachment H** and is made a part hereof.

REPORT OF THE ACADEMIC AND HEALTH AFFAIRS COMMITTEE

Dr. Carol S. Shapiro, Chair of the Academic and Health Affairs Committee, provided the committee report and noted that the Committee heard the following reports and updates:

- An update from Dr. Gail Hackett, Provost and Vice President for Academic Affairs, on the Committee's dashboard including the growth the University is experiencing in research funding, and the increase in the 6-year graduation rate, and challenges related to total enrollment.
- Dr. Marsha D. Rappley, Vice President for Health Sciences and CEO of the VCU Health System, provided an update on the Health Equity Plan.

Dr. Shapiro also reported that the Committee discussed at length the broader issue of higher education in the United States specifically looking at the overall national goals that suggest 60%

of the population should have a post-secondary degree within the next 10 years. It was noted that many colleges and universities focus on the top two economic quartiles which have historically seen growth over the past decades, yet VCU serves the lower quartiles which affects many things including college rankings. The Committee discussed way that the University can communicate its compelling information about its mission to a broader audience.

Dr. Shapiro also noted that the Committee welcomed the new student, faculty and staff non-voting advisory representatives to the Committee.

Ms. Hall thanked Dr. Shapiro for her report.

REPORT OF THE AUDIT, INTEGRITY AND COMPLIANCE COMMITTEE

Mr. Keith Parker, Chair of the Audit, Integrity and Compliance Committee provided Committee report and noted that the Committee heard the following reports and updates:

- Mr. William H. Cole, Executive Director of Audit and Compliance Services, reviewed the Audit and Compliance Services Charter with the Committee, and noted that there was one revision to recognize the review of information technology management and security within the department's scope of work.
- Mr. Cole also reviewed the Committee's annual goals and the Committee's dashboard.
- Mr. Tom Briggs, assistant VP for Safety and Risk Management, provided a progress report on the university's Enterprise Risk Management (ERM) program. The ERM Steering Committee has been reviewing the risks identified during the workshops held with university risk owners earlier this year. Enterprise risks will be shared with the cabinet before being presented to the board.
- Jacqueline Kniska, the university's compliance officer, provided highlights from the Annual Integrity and Compliance Report, which supports the board by providing information on aspects of the university's integrity and compliance activities. The report also facilitates awareness and transparency throughout the university on ethics and compliance matters.

Action Item

Audit and Compliance Services Charter

Mr. Parker also noted that there was one action, the approval of the Audit and Compliance Services Charter. Mr. Parker moved on behalf of the Committee that the Board approve the revised Audit and Compliance Services Charter. After a second, the Board unanimously approved the revised Audit and Compliance Services Charter. A copy of the revised Charter is attached hereto as **Attachment I** and is made a part hereof.

Ms. Hall thanked Mr. Parker for his report.

REPORT OF THE GOVERNANCE AND COMPENSATION COMMITTEE

Mr. John A. Luke, Jr., Chair of the Governance and Compensation Committee, provided the Committee report and noted that Ms. Michele N. Schumacher, Board Liaison and Assistant to the President, reviewed the 2017-2018 Committee Dashboard, the revised Committee

Charter, and the Committee meeting planner. He stated that the reminder of his report will be provided in closed session.

Mr. Luke informed the Board that the Committee's planner is included in the Board materials for informational purposes, and that the revisions to the Charter will require Board Approval.

Action Item

Governance and Compensation Committee Charter

Mr. Luke moved on behalf of the Committee that the Board approve the revised Governance and Compensation Committee Charter. After a second the Board unanimously approved the revised Governance and Compensation Committee Charter. A copy of the Committee Charter is attached hereto as **Attachment J** and is made a part hereof.

Ms. Hall also reported that Ms. Schumacher also provided the Committee with revised copies of the Committees' Charter, Meeting Planner and Dashboard. She noted that the Committee will vote on same at the September 2017 meeting.

REPORT OF THE UNIVERSITY RESOURCES COMMITTEE

Rev. Tyrone Nelson, Vice Chair of the University Resources Committee, provided the Committee report and noted that the Committee heard the following reports and updates:

- **Government Relations**

Mr. Matthew Conrad, Executive Director of Government Relations, and Ms. Karah Gunther, Executive Director of Government Relations – Health System, provided an update on the Government Relations fiscal year 2018 plan; an update on the local, state and federal governmental activities. In addition it was noted that all 100 members of the Virginia House of Delegates are up for re-election, and that the Commonwealth will elect a new governor, lieutenant governor, and attorney general in 2017. Based upon this 2017 general elections the staff will work closely with the incoming administration and legislative leadership from now until January to ensure that the University's strategic priorities, as found in the Six-Year Plan, are reflected in the Commonwealth's new biennial budget.

- **University Relations**

Ms. Pamela Lepley, Vice President for University Relations, presented the strategy behind the Make-It-Real campaign together with a preview of advertising concepts. She reviewed the goals of the campaign including the need to elevate VCU's brand awareness; encourage interaction with the brand and to start prospective students on their college decision-making journey, and to increase the number of individuals applying to VCU.

- **Development and Alumni Relations**

Mr. Ed Grier, Interim Vice President of Development and Alumni Relations, and Mr. Chris Ritrievi, Senior Associate Vice President for Campaign Leadership and Constituency, provided a summary of fundraising activities.

Rev. Nelson noted that the Committee was also introduced to Mr. Jay Davenport, the new Vice

President for Development and Alumni Relations.

Ms. Hall thanked Rev. Nelson for his report.

CLOSED SESSION

Ms. Hall moved that the Virginia Commonwealth University Board of Visitors convene into closed session pursuant to Sections 2.2-3711 (A) (1), (3), (9), (11), (23), and (29) of the Virginia Freedom of Information Act for the for the discussion of personnel matters, more specifically relating the appointment of the faculty and staff representatives and to the performance evaluation of the President of Virginia Commonwealth University and various faculty members, and the evaluation of performance of certain departments of Virginia Commonwealth University which will require performance evaluations of specific individuals in those departments; the acquisition of real property for a public purpose, or of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the university; for the discussion of gifts, bequests, and fund-raising activities of Virginia Commonwealth University, namely the Named Funds and Spaces Report, and the Approved Named Funds under \$50,000 Report; the discussion or consideration of honorary degrees or special awards to be given at the December 2017 and May 2018 commencement ceremonies; discussions related to Virginia Commonwealth University Health System Authority, specifically qualifications and evaluations of members of its staff, and discussion of its marketing or operational strategies or operational plans; and discussion of the award of a public contract involving the expenditure of public funds, including the discussion of terms or scope of such contract

The Rector asked that members of the Cabinet, Ms. Burke, Mr. Cole, Ms. Gentius, Ms. Schumacher and Ms. Hamlett, and Dr. Allison remain for the closed session.

RECONVENED SESSION

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

Resolution of Certification

BE IT RESOLVED, that the Board of Visitors of Virginia Commonwealth University certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements under this chapter were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion by which the closed session was convened were heard, discussed or considered by the Board.

Vote

Ayes

Nays

Ms. Phoebe B. Hall, Rector
Dr. Carol S. Shapiro, Secretary
Mr. William M. Ginther

X
X
X

Dr. Robert D. Holsworth	X
Ms. Colette McEachin	X
Mr. Ron McFarlane	X
Rev. Tyrone Nelson	X
Mr. Keith Parker	X
Dr. Shantaram Talegaonkar	X

Mr. John A. Luke, Jr., and Mr. Steve Worley left the meeting during the closed session. All remaining members present responding affirmatively, the resolution of certification was unanimously adopted.

After the closed session Ms. Hall asked for a motion to approve the following items (i) the faculty appointments and changes in status and tenure and other personnel actions as discussed in closed session; (ii) the recipients of the honorary degree for the December 2017 commencement and the recipients of the Edward A. Wayne Medal for the December 2017 and May 2018 Commencement as discussed in closed session; (iii) the Named Funds and Spaces Report as discussed in closed session; (iv) approve the real estate matters specifically a land transfer and a lease as discussed in closed session and to authorize the President and/or the Vice President of Administration and/or the Vice President of Finance and Budget to negotiate, sign and deliver any and all documents necessary to effectuate the land transfer as discussed in closed session, and to approve a resolution associated with the lease as discussed in closed session; and (v) approve a 3% merit increase in the base salary of the President Michael Rao and to authorize the Rector in working with the VCUHS to approve the cost of a comparable new vehicle for the President should said cost be in excess of the cap as set forth in the President's current contract, it being understood that the cost of the new vehicle shall be that of the VCUHS.

After motion made and seconded, the Board unanimously approved (i) the faculty appointments and changes in status and tenure and other personnel actions as discussed in closed session; (ii) the recipients of the honorary degree for the December 2017 commencement and the recipients of the Edward A. Wayne Medal for the December 2017 and May 2018 Commencement as discussed in closed session; (iii) the Named Funds and Spaces Report as discussed in closed session; (iv) approve the real estate matters specifically a land transfer and a lease as discussed in closed session and to authorize the President and/or the Vice President of Administration and/or the Vice President of Finance and Budget to negotiate, sign and deliver any and all documents necessary to effectuate the land transfer as discussed in closed session, and to approve a resolution associated with the lease as discussed in closed session; and (v) approve a 3% merit increase in the base salary of the President Michael Rao; and (vi) and to authorize the Rector in working with the VCUHS to approve the cost of a comparable new vehicle for the President should said cost be in excess of the cap as set forth in the President's current contract, it being understood that the cost of the new vehicle shall be that of the VCUHS

ADJOURNMENT

With no further business to come before the Board, Ms. Phoebe P. Hall, Rector adjourned the meeting at 3:48 p.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 divestiture of land, including any easements.

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

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

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

II. COMPOSITION AND INDEPENDENCE

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

III. **RESPONSIBILITIES**

In performing its oversight responsibilities, the Committee shall:

A. **General:**

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

B. **Financial Policy and Investments:**

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

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

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

D. **Emergency Preparedness:**

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

E. **Administration:**

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

F. **Tuition and Fees:**

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

IV. **MEETINGS**

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

ATTACHMENT B

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

FINANCE, BUDGET AND INVESTMENT COMMITTEE

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

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

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

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

The resolution identifies (1) the Vice President for Finance and Budget, and (2) the University Treasurer as each being authorized to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the sale and issuance of the bonds.

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

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

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

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

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

WHEREAS the Board desires to designate certain Institution officers (i) delegated the authority to approve the forms of and to execute and deliver the Loan Agreement, the Note and any amendments thereto, and any other documents necessary or desirable in connection with financing or refinancing costs of the Project through and participation in the Program; and (ii) responsible for monitoring post-issuance compliance with covenants of the Institution related to maintaining any federal tax-exempt status of interest on Pooled Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD:

Section 1. The Project is hereby designated to be undertaken and financed or refinanced by the Authority and, accordingly, the Vice President for Finance and Budget and the University Treasurer (collectively, the “Authorized Officers”) are each hereby delegated and invested with full power and authority to approve the forms of the Loan Agreement, the Note and any amendments thereto (in connection with any refunding of Pooled Bonds financing or refinancing the Project or otherwise), and any pledge to the payment of the Note and any amendment thereto of total gross university sponsored overhead, unrestricted endowment income, tuition and fees, indirect cost recoveries, auxiliary enterprise revenues, general and nongeneral fund appropriations and other revenues not required by law or previous binding contract to be devoted to some other purpose, restricted by a gift instrument for another purpose or excluded from such pledge as provided in the Loan Agreement, subject to the provisions of Section 3 hereof.

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

Section 3. The authorizations given above as to the approval, execution, delivery and issuance of the Loan Agreement, the Note and any amendments thereto (in connection with any refunding of Pooled Bonds financing or refinancing the Project or otherwise) are subject to the following parameters: (a) the principal amount to be paid under the Note allocable to any component of the Project, together with the principal amount of any other indebtedness with respect to such component, shall not be greater than the amount authorized for such component by the General Assembly plus amounts needed to fund issuance costs, original issue discount, other financing (including without limitation refunding) expenses and any other increase permitted by law; (b) the aggregate principal amount of the Note shall in no event exceed \$10,800,000 as the same may be so increased; (c) the aggregate interest rate payable under the Note shall not exceed a “true” or “Canadian” interest cost more than 50 basis points higher than the interest rate for “AA” rated securities with comparable maturities, as reported by Thomson Municipal Market Data (MMD) or another comparable service or index, as of the date that the interest rates are determined, taking into account any original issue discount or premium; (d) the weighted average maturity of the principal payments due under the Note shall not exceed 20 years after the original issue date of the Note; (e) the last principal payment date under the Note shall not extend beyond the

reasonably expected weighted economic life of the Project; and (f) subject to the foregoing, the actual amount, interest rates, principal maturities, and date of the Note shall be approved by an Authorized Officer, as evidenced by the execution thereof.

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

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

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

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

Attachment C

RESOLUTION OF THE BOARD OF VISITORS OF VIRGINIA COMMONWEALTH UNIVERSITY

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

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

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

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

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

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

Attachment D

RESOLUTION OF THE BOARD OF VISITORS OF VIRGINIA COMMONWEALTH UNIVERSITY

APPROVAL OF ENDOWMENT ADMINISTRATIVE FEE

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

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

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

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

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

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

ATTACHMENT E

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

DESCRIPTION

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

BACKGROUND

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

PURPOSE

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

OPERATING COST

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

RECOMMENDATION

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

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

DESCRIPTION

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

BACKGROUND

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

PURPOSE

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

OPERATING COST

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

RECOMMENDATION

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

VIRGINIA COMMONWEALTH UNIVERSITY
Project Plan
School of Engineering Research Expansion

Purpose of the Project

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

Location

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

Project Alternatives

Three alternatives were evaluated.

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

Timetables

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

Project Design

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

Recommendation

Approve the project plan

VIRGINIA COMMONWEALTH UNIVERSITY
Contract Approval
Energy Performance Contract

REQUEST

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

BACKGROUND

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

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

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

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

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

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

PROJECT LIST:

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

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

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

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

SOURCE OF FUNDS:

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

RECOMMENDATION

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

Attachment F-1

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

DESCRIPTION

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

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

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

RECOMMENDATION

Approve the modified Construction Management at Risk Procurement Procedures

Construction Management at Risk Procurement Procedures

Purpose:

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

Responsible Staff:

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

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

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

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

Procedures:

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

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

- o. Upon request, documentation of the process used for the final selection shall be made available to the unsuccessful offerors.
- 7. Contracting Requirements for CM@Risk:
 - a. Preconstruction Services shall be contracted as a non-professional service.
 - b. **The Guaranteed Maximum Price (GMP) shall be established at the completion of Working Drawings.** If the University and CM@Risk cannot agree on a GMP, the University may competitively bid the project with the other prequalified CM@Risk offerors or enter into competitive negotiations with the other CM@Risk offerors in accordance with the requirements of the Code of Virginia.
 - c. Interim GMPs for early release packages are permitted.
 - d. 90% of the construction work under a CM@Risk contract must be subcontracted through publicly advertised sealed bidding to the maximum extent practicable.
- 8. Procurement Services shall identify the particular procurement method in eVA as the “category” for the solicitation, either “Construction, Construction Management” or “Construction, Design-Build”.

Reporting

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

References

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

Attachment F2

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

DESCRIPTION

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

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

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

RECOMMENDATION

Approve the modified Design-Build Construction Procurement Procedures

Design-Build Construction Procurement Procedures

Purpose:

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

Responsible Staff:

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

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

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

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

Procedures:

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

iii. Criteria for Design-Build Team selection

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

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

Reporting

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

References

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

Attachment G

Resolution

***Approval of Virginia Commonwealth University's
2017 Six-Year Plan
September 14,
2017***

WHEREAS, the Higher Education Opportunity Act of 2011 became effective July 1, 2011, and requires each public institution of higher education in Virginia to develop and submit an institutional six-year plan; and

WHEREAS, § 23-38.87:17 of the Act requires, “*The governing board of each public institution of higher education shall develop and adopt biennially and amend or affirm annually a six-year plan for the institution and shall submit that plan to the Council (State Council of Higher Education for Virginia), the Governor, and the Chairs of the House Committee on Appropriations and the Senate Committee on Finance no later than July 1 of each odd-numbered year, and shall submit amendments to or an affirmation of that plan no later than July 1 of each even-numbered year or at any other time permitted by the Governor or General Assembly*”; and

WHEREAS, Virginia Commonwealth University prepared a six-year plan in accordance with the requirements of the Higher Education Opportunity Act of 2011 and guidelines provided by the State Council of Higher Education for Virginia; and

WHEREAS, the University submitted the six-year plan to the State Council of Higher Education for Virginia by the stated deadline of July 1, 2017 for the 2017 submission; and

WHEREAS, the 2017 Six-Year Plan must be approved by the Board of Visitors prior to the October 1 final submission;

THEREFORE, BE IT RESOLVED the Virginia Commonwealth University Board of Visitors approves the Virginia Commonwealth University 2017 Six-Year Plan as presented in the format provided by the State Council of Higher Education for Virginia; and

BE IT FURTHER RESOLVED, that the University is authorized to revise the 2017 Six-Year Plan as required by State officials for final submission by the stated deadline.



VCU Strategic Plan 2025: Excellence and Access

Work Group Updates to Board of Visitors

September 14, 2017



VCU

Attachment H

Progress to Date

- On pace to meet key milestones
- 12 months from launch (*Fall 2018*)
- Preliminary goals being presented to Steering Committee 9/28
- Finalize strategic goals with feedback from VCU community in October
- Implementation planning launches early October
- Plan details – themes, goals and initial priorities – to be shared with BOV in early December

National Prominence

Our aim:

- Determine existing areas of excellence
- Understand capacity and priorities
- Identify best practices and strategies for raising national prominence
- Formulate recommendations

Progress to date:

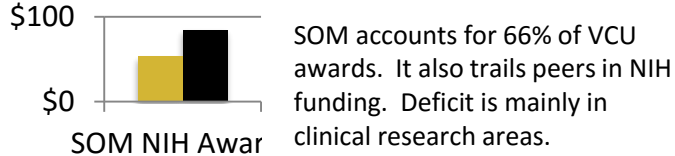
- Four task groups launched
 - Research
 - Educational
 - Awards and Distinctions
 - Strategic Communications
- Baselines established; background research conducted
- Preliminary goals submitted for consideration

University-Wide Measures of Research Performance/Prominence



Observation: Despite having similar resources as peers*, VCU has smaller investments in research infrastructure: Graduate Programs and Tenure-Track Faculty. VCU trails peers in research expenditures and number of graduate programs ranked by US News – many highly ranked programs are not research focused (i.e health professions).

Health Sciences Performance Measures



Interdisciplinary Research Possibilities

- **Addiction Studies:** currently strong across many units.
- **Sustainability:** Engages multiple schools and builds on investments in Engineering.
- **Children's Health:** Community interest and engagement opportunities.

Highlights in Research Performance

Education, Psychology, and Social Work are ranked in top 50 in PhD production and expenditures. Targets for enhancing VCU research prominence.

Enhancing Research Performance

1. VCU cannot compete with peers given its current investment in graduate programs and tenure-track faculty.
2. Added support for clinical research needed to be competitive in health sciences expenditures.

* Peer group: Universities of Alabama at Birmingham, Cincinnati, Louisville, South Carolina, South Florida, and Illinois at Chicago.
2015 IPEDS data, 2016 NIH, 2017 US News

Student Success

Our aim:

- VCU will serve as a catalyst for student success by providing access and opportunities to all students to pursue exceptional curricular and co-curricular experiences

Progress to date:

- Two themes proposed; final recommendation underway
- Three preliminary goals submitted for consideration
- Operational task groups launched to address specific initiatives

Student Success

We will make VCU distinctive by:

- Leveraging our presence as a premier national research university
- Capitalizing on our urban location to
- Connecting students' academic learning with real world experiences to prepare them as global citizens

Culture of Appreciation

Our aim:

- Establish a university-wide culture that:
 - Embeds a culture of appreciation in daily interactions
 - Establishes a climate that fosters a sense of belonging
 - Nurtures a university environment where all people feel pride in what they do, have mutual trust with colleagues and are treated fairly and with respect

Progress to date:

- Task groups launched
- Nine preliminary goals submitted for consideration

Culture of Appreciation

We will make VCU distinctive by:

- Formal and informal recognition and awards that acknowledge day-to-day behaviors, activities and campus life
- Promoting an environment based on trust and respect
- Measuring and communicating our progress against cultural goals
- Pursuing continuous improvement

Leveraging Diversity

Our aim:

- Take full advantage of the unique character and quality of VCU to make the whole greater than the individual parts

Progress to date:

- Work group members embedded in other Strategic Plan work groups to ensure diversity and inclusion integration
- Task group convened to review strategic plans of peer institutions and other leading institutions to evaluate how diversity is woven into their strategic plans
- Five preliminary goals submitted for consideration

Leveraging Diversity

We will make VCU distinctive by:

- Embracing difference – *valuing and respecting members of our community*
- Engaging difference – *members of the community can hear their own voice in the larger narrative of the university*
- Empowering difference – *members of the community can thrive*
- Ownership – *valuing diversity, equity, and inclusion drives the productivity*
- Becoming a role model for other universities - *There is optimism about who we are and can be as a model and beacon for other institutions.*

Local Impact

Our aim:

- Foster VCU engagement, research and service to address community-identified needs and opportunities

Progress to date:

- Five task groups launched
 - Cultural Vitality/Public Art
 - Education
 - Environmental Sustainability and Conservation
 - Social Stability
 - Workforce and Economic Development
- Work around health care is being aligned with the VCU/VCUHS Health Equity Plan
- Documented indicators are being researched to ensure the Work Group's proposed metrics are in congruence

Local Impact

We will make VCU distinctive by:

- Leveraging, connecting and aligning our resources and priorities to provide greater impact on the region
- Combined focus on:
 - Diversity and inclusion
 - Interdisciplinary collaboration
 - Student learning
 - Developing equitable partnerships between the university and the regional community

AUDIT AND COMPLIANCE SERVICES CHARTER

VIRGINIA COMMONWEALTH UNIVERSITY and VCU HEALTH SYSTEM

Virginia Commonwealth University (university) and VCU Health System Authority (health system) maintain comprehensive and effective internal audit and compliance programs. The objective of Audit and Compliance Services (“department”) is to assist members of the Board of Visitors, Board of Directors, and management in the effective performance of their responsibilities. The department fulfills this objective by providing independent and impartial examinations, investigations, evaluations, counsel, and recommendations for the areas and activities reviewed.

Scope of Work

The scope of the department’s work is to determine whether the university’s and health system’s risk management, internal control, governance, and compliance processes, as designed and represented by management, are adequate and functioning in a manner to provide reasonable assurance that:

- Risks are appropriately identified and managed
- Control processes are adequate and functioning as intended
- Significant, financial, managerial, and operating information is accurate, reliable, and timely
- An effective university compliance program is maintained to provide guidance and resources, in an oversight role, for all educational, research, and athletic compliance programs to optimize ethical and compliant behavior
- An effective health system compliance program is implemented to further the health system’s mission, vision, and values by promoting a culture of compliance, and preventing, correcting, and investigating issues through education, monitoring, and enforcement
- [An effective program of information technology \(IT\) management and security is maintained to ensure university IT and data assets are properly secured, integrity protected, available as needed and kept confidential as required by applicable policies laws and regulations](#)
- Employees’ actions are in compliance with the respective codes of conduct, policies, standards, procedures, and applicable laws and regulations
- Resources are used efficiently and are adequately protected
- Program plans and objectives are achieved
- Significant legislative and regulatory issues impacting the university and health system are recognized and appropriately addressed

Opportunities for improving management controls and financial performance and for protecting the reputation of the university and health system may be identified, and will be addressed with the appropriate level of management.

Accountability

The Executive Director of Audit and Compliance Services shall be accountable to the Board of Visitors, through the Audit, Integrity, and Compliance Committee, and the Board of Directors, through the Audit and Compliance Committee, to maintain comprehensive and professional internal audit and compliance programs. In fulfilling those responsibilities, the Executive Director will:

- Establish annual goals and objectives for the department, and report periodically on the status of those efforts.
- Execute the annual audit and compliance work plans and initiatives.
- Coordinate efforts with other control and monitoring functions (risk management, campus police, university counsel and health system general counsel, external auditors, etc.).
- Report significant issues related to the department's scope of work, including potential improvements, and continue to provide information about those issues through resolution.
- Provide updates to the respective board committees, the university president, and the chief executive officer of the health system on the status of the audit work plan, compliance initiatives, qualifications of staff, and sufficiency of department resources.

Independence and Objectivity

All work will be conducted in an objective and independent manner. Staff will maintain an impartial attitude in selecting and evaluating evidence and in reporting results. Independence in fact and appearance enables unbiased judgments that are essential to the proper conduct of the department's scope of work.

To provide an appropriate reporting structure to support independence, the Executive Director shall report to the Audit, Integrity, and Compliance Committee of the Board of Visitors and to the Audit and Compliance Committee of the Board of Directors. The Executive Director shall report administratively to the university's President.

Responsibility

The department will assist the Board of Visitors, Board of Directors, and management by:

- Maintaining a professional staff with sufficient knowledge, skills, and experience to fulfill the requirements of this charter.
- Developing and executing annual and long-range risk-based audit and compliance plans and initiatives. The plans and initiatives will be submitted to management for review and comment and to the respective board committee for approval. The department recognizes that one of

the primary benefits of these programs is the ability to respond to issues that arise during the normal course of business. Accordingly, the annual plans shall include time for management requests and special projects.

- Participating in an advisory capacity in the planning, development, implementation, or change of significant compliance and control processes or systems. The Executive Director shall ensure that the level of participation in these projects does not affect the department's responsibility for evaluating these processes or systems during future reviews nor compromise its independence.
- Conducting or assisting in the investigation of any suspected fraudulent activities, misconduct, or non-compliance issues, and notifying management and the respective board committees of the results.
- Issuing periodic reports to management and the respective board committees summarizing the results of the department's activities.
- Considering the scope of work of the external auditors, as appropriate, to provide optimal audit coverage to the university and health system at a reasonable overall cost.
- Reporting at least annually to the Board of Visitors, Board of Directors, and senior management on the department's purpose, authority, responsibility, and performance relative to its plans, and on its conformance to standards. Reporting should also include significant risk exposures and control issues, corporate governance issues, serious misconduct or non-compliance, and other matters needed or requested by the Board and senior management.

Authority

The department and its staff are authorized to:

- Have unrestricted access to all activities, records, property, and personnel. Cooperation from all university and health system personnel and affiliates is required.
- Have full access to the respective board committee.
- Allocate departmental resources, set audit frequencies, determine scopes of work, and apply the techniques necessary to accomplish audit objectives.
- Obtain the necessary assistance of personnel in departments when audits are performed, as well as that of other specialists.

The department and its staff are not authorized to:

- Perform operational duties in interim status, or otherwise, unless authorized in advance by the respective board committee.
- Initiate or approve accounting transactions external to the department.

Standards of Practice

The department will conduct its scope of work in accordance with requirements and best practices as established by relevant authoritative and objective sources from industry and government.

For internal audit functions, this includes both mandatory and recommended guidance from the Institute of Internal Auditors International Professional Practices Framework. The mandatory guidance requires our department to conform with the Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, Code of Ethics, and *International Standards for the Professional Practice of Internal Auditing (Standards)*. Internal auditing is an independent, objective assurance, and consulting activity designed to add value and improve an organization's operations. Our department will help the university and health system accomplish its objectives by bringing a systematic, disciplined, and risk-based approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

For maintaining effective compliance programs, standards of practice are driven by the guidance provided in Chapter 8 of the Federal Sentencing Guidelines as promulgated by the US Sentencing Commission. The main focus of an effective program is to prevent and detect misconduct, remedy harm when identified, self-report where applicable, and maintain due diligence in promoting an organizational culture that encourages ethical conduct and a commitment to compliance with the law.

For the health system compliance program, guidance by the Health Care Compliance Association is also included. This organization sets the standard for professional values and ethics in the health care compliance field.

Quality Assurance and Improvement Program

The department will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. This program will be designed to:

- evaluate internal audit's conformance with the *Standards* and application of the Code of Ethics;
- assess the efficiency and effectiveness of the department; and
- identify opportunities for improvement.

The quality program includes both internal and external assessments. Internal assessments will include ongoing monitoring and periodic assessments of internal audit activity. An external assessment will be performed at least once every five years by qualified individuals who are independent of the internal audit function.

**VIRGINIA COMMONWEALTH UNIVERSITY
BOARD OF VISITORS**

GOVERNANCE AND COMPENSATION COMMITTEE CHARTER

I. PURPOSE

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

- University Governance Issues
- Relationship with affiliated VCU Entities
- BOV Nominations to Governor
- Presidential Evaluation and Compensation Process

The Committee is responsible for reviewing University Governance Policies and make recommendations to the Board of Visitors for the purpose of maintaining sound governance. In addition, the Committee will serve in the role of the Presidential Evaluation and Compensation Committee per the policy which will be reviewed annually. University management is responsible for day to day operation of the University within the established authorities, under the direct guidance of the President.

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 and consistent with state law, meet in closed session when applicable.
3. Report Committee actions to the Board of Visitors with such recommendations as the Committee may deem appropriate.
4. Become well acquainted with all of the information and pertinent facts under the purview of the Committee.

5. Ensure that the institution is operating appropriately with regard to governance.

B. Shared Governance:

1. Review the BOV and affiliated entities' bylaws, charters, and management agreements for inclusion of agreed upon common elements, as appropriate, ~~and to ensure compliance with legislation and requirements of accreditation bodies (e.g. SACS).~~

Review and recommend approval of the guidelines for VCU affiliated entities with regard to compliance (e.g., conflict of interest, investment management, COC participation, etc....)

C. Evaluation and Compensation:

1. Review and recommend approval of Presidential Evaluation Policy and Timeline.
2. Review Presidential Goals as outlined in the Presidential Evaluation Policy
3. Review Results of Evaluation; the Proposed Compensation and Proposed Presidential Goals

D. Administration:

1. Review committee dashboard.
2. Review and approve any significant changes to the Committee calendar and charter.
3. Review best practices for board governance, including review of the current board of visitor's statement of governance and governance training sessions.
4. Review the set of qualifications and competencies for membership on the board as needed.
5. Review Board Policies.
6. Review BOV Bylaws ~~and ensure to~~ determine if same are in compliance with legislation and requirements of —accreditation bodies (e.g., SACS).
7. Review orientation and continuing education process for visitors that includes training on the Virginia Freedom of Information Act (§ 2.2-3700 et seq.) Create, monitor, oversee, and review compliance with a code of ethics for visitors

IV. MEETINGS

The Committee will meet at least four times annually. Additional meetings may occur more frequently as circumstances warrant. Senior leadership will coordinate with the Committee Chair prior to each Committee meeting to finalize the meeting agenda and review the matters to be discussed.